DOCUMENT RESUME

ED 214 258 EA 014 484

TITLE	Federal Legislation and Education in New York State.
INSTITUTION	New York State Education Dept., Albany.
PUB DATE	Feb 82
NOTE	139p.; For related documents, see ED 185 690, ED 154 510, and ED 088 206.
EDRS PRICE	MF01/PC06 Plus Postage.
DESCRIPTORS	Disabilities; Educational Finance; Elementary Secondary Education; *Federal Aid; Federal Legislation; *Federal Programs; *Federal State Relationship; Government Role; Government School Relationship; Guidelines; National Defense; Postsecondary Education; Public Libraries; Resource Allocation; Student Financial Aid; Vocational Education; Vocational Rehabilitation; Youth Employment
IDENTIFIERS	Comprehensive Employment and Training Act; Education for All Handicapped Children Act; Library Services and Construction Act; *New York; Vocational Education Act 1963; Vocational Rehabilitation Act 1973

ABSTRACT

A number of recommendations regarding federal educational legislation are made in this 1982 edition of a New York State publication that discusses key statutory, budget, and regulatory issues of concern to the state. The document begins with a general examination of the federal role in education and then suggests guidelines for federal education programs. It next points out the implications of regional economic and demographic trends for the allocation of federal resources and analyzes federal programs under the Vocational Rehabilitation Act of 1973, the Education for All Handicapped Children Act, and the Vocational Education Act of 1963. The authors consider the problems of youth employment and review the Comprehensive Employment and Training Act. The needs of state library and cultural services, foreign language and international studies, and mathematics and science programs are described. Changes in postsecondary school admissions testing are noted. Finally, the document looks at problems in financial assistance for postsecondary students and discusses the relationship between educational institutions and national defense programs. Overall recommendations include continuation of the federal role in education, revisions in federal programs and manpower policies, aid to postsecondary students, and changes in federal allocation formulas. (RW)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED214258

Federal Legislation and Education in New York State

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

X This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
R. Trombly

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

EA 014 484

The University of the State of New York
The State Education Department
Albany
February 1982

THE UNIVERSITY OF THE STATE OF NEW YORK

Regents of The University *(with years when terms expire)*

1988 WILLARD A. GENRICH, *Chancellor*, LL.B., L.H.D., LL.D., Litt.D., D.C.S., D.C.L. ..... Buffalo

1988 J. EDWARD MEYER, *Vice Chancellor*, B.A., LL.B. ..... Chappaqua

1986 KENNETH B. CLARK, A.B., M.S., Ph.D., LL.D., L.H.D., D.Sc. ..... Hastings on Hudson

1983 HAROLD E. NEWCOMB, B.A., LL.D. ..... Owego

1982 EMLYN I. GRIFFITH, A.B., J.D. ..... Rome

1983 MARY ALICE KENDALL, B.S. ..... Rochester

1984 JORGE L. BATISTA, B.A., J.D., LL.D. ..... Bronx

1986 LAURA BRADLEY CHODOS, B.A., M.A. ..... Vischer Ferry

1987 MARTIN C. BARELL, B.A., I.A., LL.B. ..... Kings Point

1984 LOUISE P. MATTEONI, B.A., M.A., Ph.D. ..... Bayside

1987 R. CARLOS CARBALLADA, B.S., L.H.D. ..... Rochester

1988 FLOYD S. LINTON, A.B., M.A., M.P.A., D.C.L. ..... Miller Place

1988 SALVATORE J. SCLAFANI, B.S., M.D. ..... Staten Island

1982 MIMI LIEBER, B.A., M.A. ..... New York

1985 SHIRLEY C. BROWN, B.A., M.A., Ph.D. ..... Albany

President of The University and Commissioner of Education
GORDON M. AMBACH

Executive Deputy Commissioner of Education
ROBERT J. MAURER

The University of the State of New York does not discriminate on the basis of age, color, creed, disability, marital status, veteran status, national origin, race, or sex. This policy is in compliance with Title IX of the Education Amendments of 1972.

FOREWORD

This year the 97th Congress and the Administration are considering key statutory and budget revisions, and regulatory issues in education. We urge that actions be taken in accord with the recommendations summarized below and described in this statement:

1) The Federal role in education should be continued with particular emphasis on the importance of education for economic development and national security;

2) Four major Federal programs—the Vocational Education Act of 1963, the Vocational Rehabilitation Act of 1973, Parts C, D and E of the Education for All Handicapped Children Act of 1975, and the Library Services and Construction Act—should be amended and reauthorized;

3) Youth unemployment problems of great magnitude, particularly among minority and low-income youth, must be addressed through a comprehensive Federal manpower policy to serve those youth;

4) Access to postsecondary education for all who aspire to it must be continued. The level of funding for programs such as Pell Grants, Guaranteed Student Loans, College Work-Study, etc., must be maintained while alternatives for integrating different aid programs are reviewed.

5) Outmoded Federal allocation formulas should be revised to account for changing state and local needs.

The 1982 edition of *Federal Legislation and Education in New York State* makes recommendations on these important Federal education issues. I join with the Board of Regents to urge the New York Congressional Delegation, other Senators and Members of Congress, the President, and administration officers concerned with education to consider these recommendations for action.

GORDON M. AMBACH

CONTENTS

		PAGE	
I.	The Federal Role in Education	1	
II.	Guidelines for Federal Education Programs	9	
III.	Regional Demographic and Economic Trends: Implications for the Allocation of Federal Resources	13	(36)*
IV.	Education for All Handicapped Children, Vocational Rehabilitation and Occupational Education: Providing a Continuum of Services for the Handicapped	38	
V.	Vocational Rehabilitation	42	(47)
VI.	Education for All Handicapped Children	48	(53)
VII.	Vocational Education Act of 1963	54	(69)
VIII.	Youth Employment	73	(76)
IX.	Comprehensive Employment and Training Act	78	(85)
X.	Library and Cultural Services	87	(96)
XI.	Special Concerns in Elementary, Secondary and Postsecondary Education Programs:	97	
	Foreign Languages and International Studies	98	(100)
	Math and Science	100	(104)
XII.	Admissions Testing	106	(107)
XIII.	Assistance for Postsecondary Students	108	(116)
XIV.	Education Institutions and the National Defense	117	(129)
	Appendix A: Chronology of Significant Dates in the History of Federal Involvement in Education	131	

* ( ) Indicates Recommendations

I. THE FEDERAL GOVERNMENT'S ROLE IN EDUCATION

Introduction

In the past year, a major concern of the Federal government has been the need for tighter control over Federal revenues and expenditures. One result has been a reduction in Federal funding of education programs, coupled with debate over the Federal government's role in education. What is the proper Federal role in education? Should there be any Federal role at all? The Regents believe the Federal government has a role to play in education which, in light of current debate, may require review and redefinition.

The following discussion reviews the historical commitment of the National government to education. The public policy and legal basis used to justify and define a Federal role are discussed, with a final note on the controversy over future directions. **Appendix A** provides a chronology of significant dates and activities in the history of the Federal government's involvement in education.

Historical Perspectives

In recent years, the scope and intensity of Federal involvement in education have increased dramatically, as have the Federal requirements and conditions placed on those states accepting Federal assistance. This involvement did not result from a long-range plan or even a concentrated effort on the part of the Federal government. As is evident in **Appendix A,** from early colonial times to the present, the Federal presence evolved from a series of crises in the nation's history, actions necessary for promoting the best interests of the national welfare, or reactions to educational needs unmet by the states.

Education in the United States has developed historically and constitutionally as a responsibility primarily of state and local governments and private institutions. However, Federal activity in education has existed throughout our nation's history, even antedating the Constitution. Under the Articles of Confederation, our central government operated limited education programs for military personnel and assisted the territories and states in financing and promoting education.

Following adoption of a plan to establish a military academy in 1777, Federal assistance took the form of endowments to schools with public lands in the Land Ordinance of 1785. States were directed to reserve one portion of each newly acquired township for the creation of public schools. Two years later, Congress passed the ordinance for governance of the Northwest Territory, declaring in part that education should be encouraged as a necessary means to "good government" and the general "happiness of mankind." However, the fact that no mention of a Federal role in education was included in the U.S. Constitution adopted in 1789 made it abundantly clear that the Federal government intended to leave responsibility for education with the states.

Until the first Morrill Act of 1862, Federal assistance was unconditional, with few strings other than promoting the establishment of schools and colleges to train manpower. The Morrill Act brought the first Federal specifications, requiring instruction in agriculture and mechanics, and military tactics. The second Morrill Act of 1980 further limited the use of funds to selected subjects.

The Federal government's role in education in the 19th Century centered on meeting an emerging nation's need to ensure an educated populance (including the establishment of the first Federal Department of Education in 1867). In the early 20th Century increased emphasis was placed on agriculture, vocational education, vocational rehabilitation, and defense related activities such as creation of the ROTC program. During World War II, the Lanham Act provided localities affected by Federal war activities with assistance in constructing community facilities, including schools. Public laws passed in 1950 continued to provide Federal financial support to localities affected by Federal activities, such as the impact aid program. The prime example of Federal involvement in education to meet the national interest is the National Defense Education Act of 1958, which was a response to technological and scientific advances made by the Soviet Union, highlighted by the launching of Sputnik in 1956. The nation's civil rights problems contributed to the development of the Great Society programs of the 1960's, such as the Elementary and Secondary Education Act and the Higher Education Act designed to help economically and educationally disadvantaged students. Inflationary trends in the 1970's required increased appropriations in these programs.

Currently, a combination of economic and demographic trends is shaping the direction of the Federal role in education. These include: declining enrollments, maturing populations, high teenage unemployment, inflation, and a host of fiscal problems.

Public Policy Objectives

Historically, the Federal government has played a significant role in education, serving special needs through categorical aid and providing incentives for state and local funding for education. The Board of Regents and the State Education Department have consistently stated that education is a Federal concern, a state responsibility, and a local operational function. But what is a proper definition of "Federal concern"? From a public policy perspective, what is the overriding justification for a Federal role in education?

From colonial times to the 1960's, the overriding Federal concern in education was to ensure an educated population, including personnel trained in specific areas such as the military, agricultural, and vocational fields. These activities promoted national defense and economic interests. In the 1960's a broader social consciousness led the Federal government to supplement state and local efforts in providing educational opportunities.

The complementary concepts of "equity" and "access" often provide the justification for supplementary assistance to states, localities, and institutions.

"Equity" means providing remedial or other special services, often beyond the ability of state and local governments and institutions, to special groups of students with extraordinary needs. To guarantee equity, the Federal government has provided categorical programs to help states, localities, and institutions meet the special needs of certain groups, such as the economically and educationally disadvantaged, the handicapped, and non-English speaking persons. Federal funds are viewed as supplemental and are not allowed to supplant state and local funds. This fits into the concept of "access" because the intent of the Federal assistance is to help provide "access" for groups whose special needs have diminished their "equitable" educational opportunities. Examples of such Federal programs include the Elementary and Secondary Education Act, the Education for All Handicapped Children Act, and the Adult Education Act.

In higher education, a **free** public postsecondary education is not generally a state constitutional right. Providing "access" in this context means ensuring that a student has access to the postsecondary education institution of his or her choice. The Federal government seeks to lessen the economic inequities which exist for lower and middle income students who desire to attend colleges of their choice, but who cannot afford the high tuition and attendance costs. The Pell Grants (formerly known as Basic Educational Opportunity Grants), Supplemental Opportunity Grants, College Work-Study,

and low-interest student loans are designed to meet this objective.

The Federal government's involvement in education has also been justified over the years when excessive burdens on education agencies and institutions are created as a result of direct Federal policy or actions in other areas. For example, the installation of a Federal military base or a public housing project can result in the reduction of a school district's tax base while increasing the number of children to be served. The Federal government's response has been the controversial Impact Aid program. The recent influx of Indochinese, Cuban, and Haitian refugees in some states is another example of how Federal policy can create excessive burdens on local school districts, requiring temporary Federal assistance.

Education research and data collection is another area where the Federal government has played a major role. The Federal government serves as the national coordinator and collector of information, as well as provider of incentives. To carry out these functions, Congress created the National Center for Education Statistics and the National Institute of Education.

Despite the virtues of these policy objectives, many administrators contend that Federal education programs contain requirements and regulations that exceed the proper Federal role from a legal standpoint and intrude upon state and local authority. Furthermore, the administrative burdens and legal mandates imposed by the Federal government are not balanced by a commensurate amount of Federal assistance needed to meet these requirements.

In many instances, this may be valid. However, the intention of Congress might not have been to overburden. Rather, Congress might simply have been overzealous in seeking to ensure that both equity and access are in fact achieved. At the same time, recent negative aspects should not overshadow the overwhelming success of Federal incentives in education. A review of the legal considerations in the Federal role in education illustrates the difficult task Congress continually faces in balancing public policy objectives with legal and Constitutional constraints.

Legal Considerations

Responsibility for providing public education in this country, Constitutionally and traditionally, has rested with the states and their local jurisdictions. This concept has been reaffirmed over the years, and a number of Supreme Court decisions have supported this view of a limited Federal role. At the same time, Congress retains the authority to legislate in education; and, as states and localities have accepted Federal assistance, a contractual relationship has developed

between Federal, state, and local partners in which the latter must meet the conditions under which the assistance is offered.

The Congress itself has been cognizant of the Federal government's limited authority in education. In 1970, the General Education Provisions Act was amended to include a "Prohibition Against Federal Control of Education." This section prohibits the Federal government from exercising any "direction, supervision, or control over the curriculum, program of instruction, administration or personnel of any educational institution, school, or school system, or over the selection of library resources, textbooks, or other printed or published instructional materials by any educational institution or school system. . . ." The Education amendments of 1976 extended this provision to all programs in the Education Division of the Department of Health, Education, and Welfare.

Included below is a brief note on "Supreme Court Decisions on State Authority for Education."

*** Supreme Court Decisions on State Authority for Education**

A number of historic United States Supreme Court decisions support the reserved powers of states in the field of public education. In *Brown vs. Board of Education* (1954), the U.S. Supreme Court stated that "education is perhaps the most important function of state and local governments." In 1972, the Court recognized that "providing public schools ranks at the very apex of the function of a state" (*Wisconsin vs. Yoder.*)

The provision of a free public education for all citizens is a state constitutional priority. Public education is mandated by state constitution in 48 of the 50 states, and 49 states have compulsory attendance laws.

While the U.S. Constitution does not guarantee the right of public education (*San Antonio vs. Rodriguez*, 1973) it does address the Federal-state relationship. In 1941, the Supreme Court stated the following on the Tenth Amendment: "The Amendment states but a 'truism' that all is retained (by the states and the people) which has not been surrendered" (*United States vs. Darby*). In *Fry vs. United States*, the Court further recognized that "the Amendment expressly declares the constitutional policy that Congress may not exercise power in a fashion that impairs the States' integrity or their ability to function effectively in a federal system."

However, it is widely interpreted that Congress has the authority to legislate for education programs pursuant to the spending power conferred by Art. I, Sec. 8, of the U.S. Constitution, and pursuant to the Equal Protection Clause of the Fourteenth Amendment. By the former authority, it has been established that Congress may set conditions upon which money and goods are distributed. The Supreme Court held in *Oklahoma vs. Civil Service Commission* (1947) that the Federal government may "fix the terms on which Federal funds . . . shall be disbursed."

States and localities are not required to accept Federal assistance or Federal funds. If they do so voluntarily, they enter into a contractual relationship and accept the conditions upon which the assistance is offered. In July 1974, the U.S. District Court for New Jersey found with respect to Federal education programs that "research . . .

More recently, the Department of Education Organization Act of 1979 included identical language, but with two additions: 1) extension of coverage to "any accrediting agency or association," and 2) inclusion of the phrase "except to the extent authorized by law." The latter addition raised questions about the extent of Congressional tolerance of Federal expansion into state, local, and institutional jurisdiction for education. The intent of this language is to provide blanket Congressional approval for current Federal laws or administrative actions that impinge upon state, local and institutional control. The statute also includes this specific prohibition against increased Federal authority in education: "It is the intention of the Congress in the establishment of the Department to protect the rights of state and local governments and public and private educational institutions in the areas of educational policies and administration of programs and to strengthen and improve the control of such governments and institutions over their own educational programs and policies. The establishment of the Department of Education shall not increase the authority of the Federal government over education or diminish the responsibility for education which is reserved to the states and the local school systems and other instrumentalities of the states."

Federal legislation and regulations, however, do include provisions that eliminate state choices in structuring governmental operations to meet educational requirements. For example, the due process mandates of P.L. 94–142, the Education for All Handicapped Children Act, were designed to preserve rights of handicapped children. In many states at that time, no state process existed to assure those rights. The Federally designed system, however, overlooked pre-existing systems intended to guarantee due process, such as the system in New York. In New York State, the Federal system has disrupted statutory relationships between the State Education Department and local school districts. This is just one illustration of the necessity of a clear delineation between the Federal role and states' individuality and initiatives in educational policymaking.

---

indicates that all the programs are voluntary on the part of the state of New Jersey, and may be terminated at will by the state" *(New Jersey School Boards vs. Supreme Court of the State of New Jersey)*.

There are limits to this reasoning, however. If we assume that Congress has the authority to provide for education programs, certainly this authority should not be construed as an unlimited prescriptive license.

In a 1976 decision on *National League of Cities vs. Usery*, the Supreme Court addressed this very issue. The Court said it had "repeatedly recognized that there are attributes of sovereignty attaching to every state government that may not be im-

Federal Role and Administration

As a part of overall Federal budget deliberations, key decisions on the future direction of Federal involvement in education must be addressed. At this time, there are proposals to eliminate all Federal education programs, leaving the full financial responsibility for education to the states, local school districts and institutions. We disagree strongly with the elimination of a Federal role in education.

The Regents believe that the economic and military strength of this nation are dependent upon a well-educated population. To assure such an educated population requires a Federal commitment of a part of our national resources for the purposes of education.

The Federal role in education for two centuries has been to provide for special programs and needs related to national issues. The Federal role, as stated in the preambles to the several current Federal statutes, must be continued.

Federal Administration for Education. Proposals are being advanced to abolish the recently established U.S. Department of Education and to authorize a different administrative structure or structures, for Federal education program administration. The issue of Federal organization for education has been long debated. It must, however, be given particular attention at this time. Since the early 19th Century, the desirability of a single Federal education agency has been considered. In 1867 a Department of Education was created, headed by a Commissioner with a staff of three, to: (1) collect educational statistics and facts; (2) distribute educational information; and, (3) promote the cause of education throughout the country. The Department existed in this form for one year and then

---

paired by Congress, not because Congress may lack an affirmative grant of legislative authority to reach the matter, but because the Constitution prohibits it from exercising the authority in that matter." Although its ruling in that case was directed strictly to authority granted Congress under the Commerce Clause (Art. 1, Sec. 8), and specifically by footnote expressed no view on the Spending Power or the Equal Protection Clause, the reasoning is applicable to Federal-state relations in education.

At stake here is the question whether "attributes of state sovereignty" are impaired by increasing Federal prescription affecting the states' provision of a free public education. Again, in *National League of Cities*, the Supreme Court warned, "If Congress may withdraw from the states the authority to make those . . .decisions upon which . . . [public service] functions must rest, we think there would be little left of the states' 'separable and independent existence.'" The Court stated decisively that "Congress may not exercise that power so as to force directly upon the states its choices as to how essential decisions regarding the conduct of integral governmental functions are to be made." Then the Court concluded that "such assertions of power, if unchecked, would indeed . . . allow 'the national government (to) devour the essentials of state sovereignty.'"

became an office in the Department of the Interior. In 1870, the office was designated the Bureau of Education, a title retained for sixty years. In 1930 the title was again changed to the U.S. Office of Education, a designation that remained until the Department of Health, Education and Welfare, including the U.S. Office of Education, was formed in 1953. In 1980 the Department of Education, with full Cabinet status, was established.

Organization of the Federal administration for education usually is debated together with the issue of Federal regulation or control of education. We note that the extent of Federal influence on state and local educational institutions is determined essentially by the authority granted in the Federal statutes authorizing education programs, rather than by or through the administering agency's structure. The Federal education mandates and requirements most recently criticized by state, local and institutional representatives, and now under review by the Department, were in place *before* the U.S. Department of Education was created in 1980. The authorization for the program is the pivotal factor of control, rather than the administrative structure to manage the program.

We believe there are three compelling reasons to continue administration of Federal education programs through a U.S. Department of Education with full cabinet status.

1. *Access to the President*—Federal involvement in education, both in funding and policy, is and should continue to be substantial. Federal policy in education must be coordinated effectively with economic, social and security policy. To assure that the President is considering education policy together with other policies and is hearing concerns and reviews of education policy with the benefit of direct representation through a cabinet officer, the cabinet should include a secretary for a Department of Education.

2. *Administrative Efficiency in Service to Local and State Education Institutions*—To assure accountability in the administration of Federal programs and an effective relationship with local and state administering agencies, a central administrative focus at the Federal level for all Federal education programs is needed. Only with such a centralized agency can state and local institution representatives focus attention and actions with one agency rather than dealing with several agencies, thereby requiring duplication of effort and opening the difficulty of differential Federal administrative practices.

3. *Effective Implementation of Federal Programs*—The Department of Education was established in 1980. Organization was still under way at the time of a change in national administration. The new administration has proposed major changes in education pro-

grams and the Congress has approved certain consolidations in programs through the Education Consolidation and Improvement Act of 1981. These circumstances have resulted in considerable instability of current Department operation. As additional changes in program are reviewed and, perhaps, enacted by the Congress, the Federal administering agencies must have an overall stability to assure an effective implementation of the new approaches. Additional administrative realignment for managing Federal programs at this time will distract staff and administering officers from the principal functions of managing the programs and undercut implementation of new authorized program change. The focus of action in Washington at this time must be placed on program and program change rather than on administrative rearrangement.

II. GUIDELINES FOR FEDERAL EDUCATION PROGRAMS

We urge these principles for Federal education programs:

1. Education is the responsibility of the states and the major portion of funding for education is from state and local resources. Federal funding should supplement these resources and should be directed toward particular needs in accordance with Federal purposes. Federal legislation should not direct the expenditure of state and local resources.
2. Federal programs should provide services to particular population groups such as the economically and educationally disadvantaged, the mentally and physically handicapped, the gifted and talented, and persons requiring programs of occupational education.
3. Federal programs with similar purposes serving the same population should be consolidated to assure program consistency and to provide administrative efficiency. Where programs are consolidated, state and local administrative agencies should have flexibility to use funds within the broad purposes of the consolidated act and not be constrained by provisions for each former separate program.
4. Although Federal funds should assist in equalizing educational opportunities and outcomes for individuals among the states, this does not necessarily mean equal dollars per pupil to all states. Regional differences in cost of services, as well as in state tax effort, and fiscal capacity, related to the states' overall commitment to expenditure for social programs, must be considered in the Federal distribution of funds.
5. In addition to support of educational operations as indicated above, Federal funds should be used for research and development activities which require a critical mass of resources not

available to a single state or institution. A particular focus for such activity currently should be on developing effective ways to use new information and computer technology to address critical problems facing education. Federal funds should also be used for educational personnel development through aid to the states and, in turn, to local districts, for both preservice and inservice training in educational institutions and teacher centers. This assistance will be needed to help educational personnel adapt to new computer and information technologies.

Educational research and development funded by the Federal government should be conducted cooperatively between Federal agencies and state agencies with demonstrated capacity. Research and development program efforts must link Federal, state, local school, and classroom personnel in a vertical relationship to assure that these efforts will have a direct impact on instruction.

6. Once appropriation levels for Federal education programs are set for a fiscal year, they should not be altered by administrative deferrals or rescissions.
7. The Federal government should not place on the state and local agencies and institutions legislative mandates which create expectations not readily achievable without the commitment of substantial resources. At this time of fiscal crisis, if such mandates are to be legislated and enforced, the Federal government should provide assistance to state and local agencies and institutions to help meet the expressed needs.
8. Federal funds should be administered through state education agencies so that these funds can be linked with state and local resources for coordinated support of education. A larger percentage of Federal funds should be used to develop state plans for the use of funds, administration of funds, monitoring of programs, and evaluation of programs. Federal regional services offices should be discontinued in order to provide a direct relationship between the states and the U.S. Department of Education in the administration of Federal programs.
9. Federal programs administered by agencies other than the U.S. Department of Education and having direct impact on education should be coordinated with existing education programs at both the Federal and state levels. Federal funds should not be used to establish duplicative or competing education or training programs.

Consolidation of Federal Education Programs

Background

Federal categorical education programs have become overburdened with requirements and paperwork, intruding on state and local education authority and causing wasteful spending.

In 1981, Congress enacted an education consolidation program (Education Consolidation and Improvement Act, Chapter 2) as part of the Omnibus Budget Reconciliation Act. The legislative procedure took advantage of a new Congressional budgetary process which by-passed the traditional authorizing committee system. Hence, there were no public hearings for public participation in the substantive changes made to the education legislation. We believe that the budgetary process should not have been substituted for the traditional authorizing process.

Chapter 2 consolidates almost 30 categorical programs, many unrelated, with regard to populations served, institutions involved, and educational purposes, into a single formula grant to the states. Other programs were consolidated into a Secretary's discretionary fund. Chapter 2 also creates a major shift in the Federal-state-local funding relationship, and reduces the total authorized level of funding. As a result, New York State's authorized level is 46 percent below the amount received in 1980 for the separate categorical programs consolidated under Chapter 2. Appropriations action to date indicates that the amount available nationally for the program will be far below this authorizing level, thus causing an even larger reduction to New York State.

Consolidation can be used effectively as a unique policy tool to fold together programs with similar puposes and clientele. Instead, it has been used as a technique for changing process and cutting the budget. As a result, several state grant programs, along with programs which were previously administered by the Secretary of Education as discretionary grants, are now administered by states in one program at a much reduced funding level. The consolidated program was enacted without considered process; that is, those affected by the changes, students, teachers, administrators, lacked the opportunity to comment, express concerns and propose alternatives.

The Regents believe that a need does exist for a reduction in Federal mandates and a simplification in the administration of Federal education programs. However, as we have indicated earlier, consolidation should only be used as a policy tool to combine Federal programs with similar purposes serving similar populations.

We recommend that the following guidelines be used in the consolidation of Federal education programs.

Guidelines for Consolidation

1. Consolidation of authorizing legislation should be enacted only through a process which allows for public comment and participation;

2. Within the current budgetary constraints, it is clear that education should take a fair share of decreases. However, consolidation should not be used simply as a pretext for budget reductions, or as a tool for phasing out Federal involvement in education;

3. The Federal emphasis on assisting populations with special needs and assuring trained manpower for the Nation should continue. However, consolidation should simplify the administration of such programs at the Federal, state, and local levels for programs with similar purposes and clientele.

Federal Support of Nonpublic Education

The critical fiscal plight of public education is shared by the nonpublic sector. In recent times, parents of children attending nonpublic schools and the administrators and teachers in those institutions have sought assistance from Federal and state governments by way of funds and services. The Regents of New York State have overall responsibility for the education of all children. In fulfillment of that obligation, we have endorsed governmental assistance to the pupils in nonpublic schools within certain guidelines.

Legislation to aid children in nonpublic education should not jeopardize the welfare, stability, and adequacy of support for public schools.

Such legislation should be effective in providing meaningful opportunities to children of lower-income families who, of all groups, have the least choice about when and where their children are to be educated, and to middle-income families whose resources are strained by high tuition costs.

Public support of nonpublic education must be sufficient to maintain a pluralistic system adequate in quality and economical in operation, but not so large as to jeopardize the independence of nonpublic schools, to dry up sources of private and philanthropic support, or to encourage organization of new schools with the purpose or effect of increasing racial separation.

Such legislation should require accountability for public funds received, contain safeguards against racial and social class isolation in the nonpublic schools, prohibit use of public funds for any sectarian purpose of function, and provide for nondiscriminatory admission policies except where permitted by law on the basis of creed.

All nonpublic schools receiving public funds should meet standards of quality prescribed by state and local authority. The Federal government should not intervene in setting such standards.

Finally, such legislation must conform to constitutional principles enunciated by the courts or have reasonable prospects of being approved by the courts in the event of a challenge.

We commend the Federal government on the programs and services which bring education benefits to children in nonpublic schools.

III. REGIONAL DEMOGRAPHIC AND ECONOMIC TRENDS: IMPLICATIONS FOR THE ALLOCATION OF FEDERAL RESOURCES

The past two decades have witnessed dramatic demographic and economic shifts among regions in the United States which in the 1980's will offer serious challenges to traditional foundations of thought regarding fiscal federalism. We will review these trends, assess the implications for existing Federal policy in the distribution of resources, and offer recommendations for policy alternatives.

A. Demographic and Economic Trends

The advent of the urban crises of the late 1960's, the fiscal strains of the 1970's, and the bleak circumstances of our present national economy have prompted increasingly methodical analyses of the factors underlying change in our country. Most particularly, population shifts and economic conditions have led to differences across regions. This has become the focus of Congressional debate, often referred to as the "sunbelt/frostbelt" controversy.

The following discussion explains changes in population, income, and the economic base across major regions in the United States. Fiscal performance (the relationship between revenues and expenditures) and Federal responsiveness are also reviewed.

While the variables are going to be examined independently, it is critical to recognize that they operate interdependently. For example, the primary relationships between income and population change are: (1) the labor force moves, on balance, to locations where income and job opportunities are expanding, and (2) retirees, when moving, carry with them retirement income, in turn inducing additional jobs and income in the areas of net in-migration. Major factors affecting the growth and location of employment are shifts in population and spatial differences in the prices and availability of transpor-

tation, land, labor, energy, raw materials and local taxes and services.

It is important to note that changes in these variables explain the relative status of a geographic area. In the past, terms such as "poor" states and "wealthy" states became a handy way to characterize the conditions of an area, and a focus for Congressional debate. However, conventional labels fail to account for the different rates of change occurring in various areas, affecting an area's capacity to accommodate local needs. More recently in the 1970's, many of our urban areas in the Northeast have been termed "revitalizing." This label fails to sort out whether there exists the local capacity to remedy poverty, or to sustain the momentum of revitalization over time. Urbanologists have recently completed research that provides empirical support for the contention that revitalization in our nation's large older cities does not signify a turning point. In other words, regions that have fundamentally healthy economies are in a better position to overcome problems. Prediction is more of a gamble for those areas where the economic base is eroding and revitalization is simply a stabilizing or transitory phenomenon. Rather than labeling, one must look at rates of change and relative capacity to deal with problems.

1. Population

According to the early tabulations of the 1980 U.S. Census, the total population has increased 11.4 percent since 1970 (1980 early tabulation: 226,504,825). However, as Table I indicates, shifts have occurred among regions in the United States. Every region registered a net gain, the largest in the West with an increase of 23.4 percent, and the smallest in the Northeast of 0.2 percent. Notably in the Northeast region, New York State sustained the largest absolute decline in population of all states, (684,000), a 3.7 percent loss. Other states experiencing an absolute decline are Rhode Island and the District of Columbia. In a dramatic contrast, the western states of Nevada, Arizona, and Wyoming experienced gains of 63.4 percent, 53.1 percent and 41.8 percent respectively.

Among age categories, the general trend is towards a population that is getting older. Preliminary tabulations show the median age of the population has increased to 30 years from 28 years in 1970. From 1970 to 1980, the greatest percentage increases occurred in the 20-39-year-range and in the over-65 category—39 percent and 27.5 percent respectively. Decreases were recorded for under five years, 1.0 percent, and 5–19 years, 5.2 percent. Regionally, the South and West have had the largest increases overall in population,

TABLE I

PERCENT CHANGE IN RESIDENT POPULATION OF REGIONS, BY AGE APRIL 1, 1970 TO APRIL 1, 1980

	Resident Population	Under 5	5–19	20–39	40–64	65+
Northeast	0.2	−22.2	−13.6	23.9	−4.9	16.9
N. Central	2.6	−9.4	−11.9	30.7	−0.9	17.0
South	19.4	16.3	3.2	47.0	14.9	40.6
West	23.9	13.4	1.5	56.6	17.3	39.2
United States total	11.4	−1.0	−5.2	39.0	5.8	27.5

Source: Bureau of the Census, Department of Commerce Series PC80-S1-1 May 1981, and PC-S1-13 March 1972.

across all ages, together representing 90 percent of the total U.S. increase.

In view of these shifts in the population, it is useful to examine who is moving and who is staying. For example, work force migration patterns tell us where the income generating population is moving. In 1973–1976, the U.S. Department of Commerce reported that the southern-western regions gained 320,000 workers, on a net basis, from north-central regions. In contrast, from 1970–1976 New York State lost 200,000 workers. Other states losing significant numbers of workers were Pennsylvania, Illinois, Indiana, Michigan, and Ohio.

While the Northeast region is experiencing population loses, it is simultaneously gaining in relative poverty. Table II indicates that total U.S. population has increased by 15.2 percent, from 25.4 million in 1970 to 29.3 million in 1980. The Northeast and West increased by the greatest percentages, 27.7 percent and 25.6 percent respectively. The relative poverty (percentage of total U.S. poverty) also increased in the Northeast by 1.8 percent and in the West by 1.4 percent.

In contrast, while the North Central States and the South also increased in their poverty populations, their relative poverty dropped 0.5 percent in the North Central States and 2.8 percent in the South.

Despite absolute shifts in population among regions, the poor tend to be unable to move. Lack of finances interplays with lack of job skills, leaving the poor behind. Their needs become accentuated as their demands for services increase; e.g., job training, basic and

TABLE II

PERCENT CHANGES IN POVERTY POPULATION BY REGION 1970–1980

Region	Persons in Poverty	Relative Poverty
United States	+15.2%	——
Northeast	+27.7%	+1.8%
North Central	+12.8%	−.5%
South	+8.1%	−2.8%
West	+25.6%	+1.4%

Source: U.S. Department of Commerce, Bureau of the Census, *Current Population Reports*, Series P-60, No. 127, "Money Income and Poverty Status of Families and Persons in the United States: 1980 (Advance Data from the March 1981 Current Population Survey)" (Washington, D.C.: Government Printing Office, 1981).

employability development skills, unemployment and welfare payments. In the Northeast, an out-migration of the business and labor force has eroded the tax base and placed much of the area in a fiscal squeeze as it attempts to meet the increased social burdens.

For the South and West the age changes are promising. The increase in population between 20–39 years represents an increase in work force and earnings, and an increased demand for housing, thereby spurring construction. The increase in the elderly population consists mainly of those with retirement incomes. In these growth areas, some service demands are economically stimulative, such as for commercial and retail supplies. Other service demands come in the form of increased pressure on government for community needs, such as fire and crime protection.

2. Income

Income is another significant indicator of the status of an area. Per capita income describes aspects of the potential standard of living for residents. Business cycles and population patterns can affect growth in per capita income.

Use of the measure for per capita income, however, is not a thoroughly reliable way of assessing wealth. For example, the income of nonprofit institutions is included in the computation. This will hike the statistics for places (usually large cities) where these institutions

are located. Furthermore, the cost-of-living varies geographically. Therefore, similar per capita income would have different purchasing power at various cost of living levels. A more responsive statistic is net adjusted disposable income. This figure takes into consideration cost of living factors such as taxes, food, shelter, and fuel costs. In the following sections, both the conventional per capita income data and the net adjusted disposable income will be examined.

a. Per Capita Income

For the period 1970–1980, nationally there was a 144.6 percent increase in per capita personal income. The average increase for the 10 states with the largest jump was 172.7 percent. Notably, four of these states still had a per capita income below the national average in 1980. The 10 states with the smallest increases averaged 132.2 percent. In contrast eight of these states had, in 1980, a per capita personal income above the national average.

Rates of growth differed regionally. This can be seen in Table III. From 1970–1980, per capita personal income in New England increased 138.0 percent, 6.6 percentage points less than the national increase. This was the second smallest regional increase. Only the Mideast experienced a lower rate of growth at 132.5 percent. In contrast, high rates of growth occurred in the Rocky Mountains, 156.9 percent, and Southwest, 167.9 percent.

TABLE III

PER CAPITA INCOME, BY REGIONS

Region	1970	1980	% Change
United States	$3893	$9521	144.6%
New England	$4245	$10,105	138.0%
Mideast	4384	10,192	132.5
Great Lakes	4050	9779	141.5
Plains	3657	9338	155.3
Southeast	3208	8111	152.8
Southwest	3465	9284	167.9
Rocky Mountain	3540	9095	156.9
Far West	4320	10,697	147.6

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Series 81–25, May 1981, and Series 81–45, August 1981.

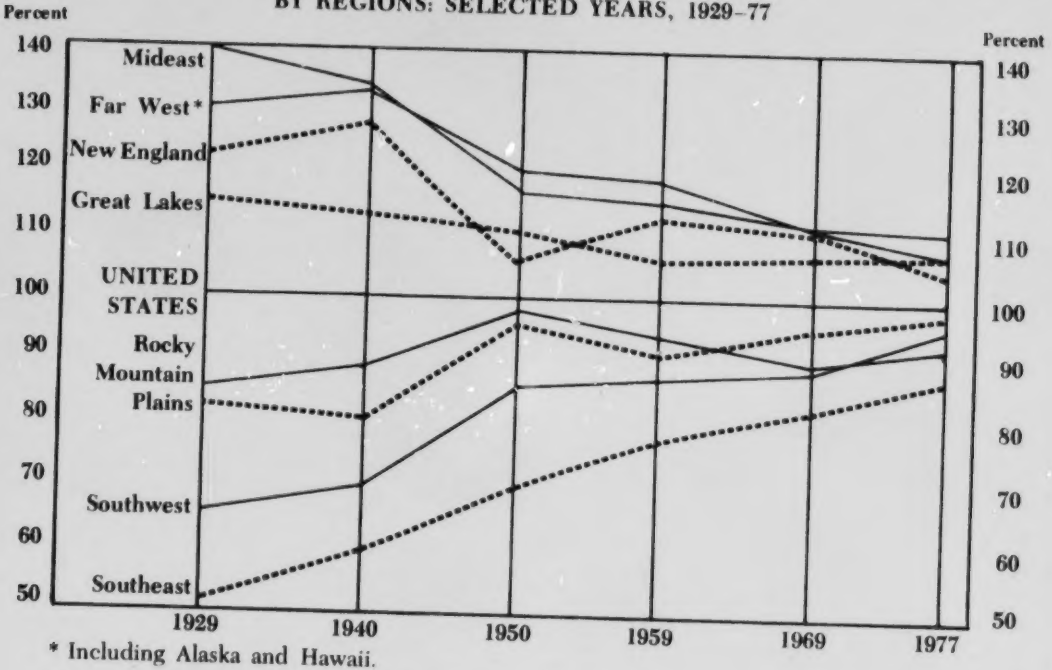
New York State in 1970 ranked fifth highest in absolute per capita income. Its low growth rate, the second lowest in the nation at 122.8 percent, explains a drop in rank to thirteenth nationally.

This reflects changes in earnings derived from manufacturing, construction, and private service industries. Earnings in these industries declined in contrast to those regions which experienced growth in personal income. In addition, large out-migrations of such industries occurred. The U.S. Department of Commerce has noted the impact on earnings of such out-migrations from nothern-central regions: ". . . mean earnings in business, professions, and financial service industries were held down by the migration to the South and West of corporate management units, which typically pay high salaries."

Chart A displays the dramatic regional trends in per capita income from 1929–1977. Significantly, there has been gradual movement towards a nationwide convergence. In 1929, the region with the highest per capita income as a percent of the national average was the Mideast at 140 percent. The lowest region in that year was the Southeast at 52 percent of the national average. By 1977, the highest was the Far West at 112 percent, the lowest was still the Southeast at 87 percent. However, the difference had narrowed. The U.S. Department of Commerce, Bureau of Economic Analysis, has recently issued economic projections to the year 2000 which show a continuation of this trend toward regional convergence in per capita income.

CHART A

PER CAPITA INCOME
AS A PERCENT OF THE NATIONAL AVERAGE
BY REGIONS: SELECTED YEARS, 1929–77



* Including Alaska and Hawaii.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, October 1978, p. 27.

b. Net Adjusted Disposable Income

High per capita personal income data can give a misleading impression of the actual standard of living. Net adjusted disposable income represents a figure adjusted for cost of living and for Federal, state, and local taxes. In considering the fiscal capacity of an area it is essential that tax burden and cost of living be entered into the equation.

For example, although residents of New York State have an average per capita income slightly above the national average, the combination of higher living costs and higher taxes means that they do not necessarily have a higher disposable income than other areas of the country that traditionally have been labeled poor. Table IV demonstrates that when one adjusts the per capita income in New York State for the cost of living and for Federal, state, and local taxes, the net adjusted disposable income is lower than that of Alabama which had a per capita income below the national average in 1979.

Presently there is no official United States statistic aggregated on a state level which determines average per capita income adjusted for cost of living other than income taxes. The only existing official cost of living calculation is undertaken by the Bureau of Labor Statistics. The Bureau of Labor Statistics determines the annual income necessary for a nonfarm family of four to live at an intermediate standard of living in the 40 largest standard metropolitan statistic areas in the United States. Its income calculations take into account such factors as cost for food, shelter and fuel. Unfortunately, no such statistic is aggregated on a state level.

For states that are sustaining low per capita income growth rates and also have a high cost of living plus a comparatively large tax burden, the future translates into less buying power for residents and fiscal strain for governments trying to meet citizen needs. For New York, a state which has a high cost of living and tax burden, the next decade will see the government caught in a squeeze where needs will escalate while its capacity to respond will be attenuated simultaneously.

3. Economic Factors

We have examined population and income trends. These variables provide a glimpse into the economic status of an area. It was noted that absolute decline or a low growth rate were indicative of potential problems. Furthermore, by analyzing who is

TABLE IV

State	Per Capita income 1975[1]	Federal income tax per capita[2]	Adjusted per capita income[3]	State and local taxes[4]	Net adjusted disposable income
Delaware	$6,748	$1,743	$5,483	$727	$4,756
Illinois	6,789	1,704	5,134	730	4,404
Texas	5,631	1,254	4,828	515	4,313
Connecticut	6,973	1,800	4,951	697	4,254
Maryland	6,474	1,615	4,872	728	4,144
Florida	5,638	1,378	4,643	521	4,122
Virginia	5,785	1,355	4,668	563	4,105
New Jersey	6,722	1,760	4,787	725	4,062
Oklahoma	5,250	1,181	4,497	482	4,015
Ohio	5,810	1,441	4,507	534	3,973
Pennsylvania	5,943	1,426	4,506	636	3,870
Michigan	6,173	1,539	4,627	782	3,845
Indiana	5,653	1,411	4,414	580	3,834
Georgia	5,086	1,217	4,303	508	3,795
West Virginia	4,918	1,091	4,281	533	3,748
Arkansas	4,620	970	4,150	405	3,745
North Carolina	4,952	1,145	4,223	485	3,738
Tennessee	4,895	1,147	4,155	451	3,704
Kentucky	4,871	1,094	4,189	497	3,692
Wisconsin	5,669	1,331	4,389	719	3,670
Louisiana	4,904	1,064	4,229	566	3,663
Alabama	4,643	1,025	3,981	415	3,566
Rhode Island	5,841	1,457	4,180	645	3,535
South Carolina	4,618	1,041	3,975	445	3,530
New York	6,554	1,636	4,518	1,025	3,493
New Hampshire	5,315	1,399	3,818	525	3,293
Maine	4,786	1,075	3,755	511	3,244
Massachusetts	6,114	1,535	3,980	814	3,166
Vermont	4,960	1,167	3,831	699	3,132
Mississippi	4,052	908	3,555	446	3,109

Source: Reprinted from the Congressional Record, October 20, 1977.

[1] C. L. Jusenius and L. C. Ledebur, "A Myth in the Making: The Southern Economic Challenge and the Northern Economic Decline" (Washington, D.C.: Office of Economic Research, Economic Development Administration, U.S. Department of Commerce, 1976). See also, Congressional Record (Jan. 25, 1977). pp. § 1421–31.

[2] "Federal Spending: The North's Loss is the Sunbelt's Gain," National Journal (June 26, 1976). p. 881.

[3] Adjusted for cost of living and Federal income tax per capita. See Jusenius and Ledebur, "A Myth in the Making."

[4] Tax Foundation, "Facts and Figures on Government Finance" (New York: Tax Foundation, 1977). p. 150.

moving and who is staying we were able to make statements about the actual implications of population shifts.

Another measure of the economic health of an area is job growth, or decline.

Table V displays the differential in growth of manufacturing jobs across regions.

TABLE V

MANUFACTURING EMPLOYMENT CHANGE: 1960–75[1] BY REGION AND DIVISION

(Numbers in thousands)

Region and Division	Year 1960	Year 1975	Change 1960–75 Number	Change 1960–75 Percent
Northeast region	5,620.6	4,839.2	− 781.4	−13.9
Middle Atlantic division	4,172.8	3,547.1	− 625.7	−15.0
New England division	1,447.8	1,292.1	− 155.7	−10.8
North Central region	5,579.9	5,814.3	234.4	4.2
East North Central division	4,586.4	4,577.8	− 8.6	− .2
West North Central division	993.5	1,236.5	243.0	24.5
South region	3,650.5	5,146.5	1,496.0	41.0
South Atlantic division	2,013.1	2,614.2	601.1	29.9
East South Central division	823.2	1,245.0	421.8	51.2
West South Central division	814.2	1,287.3	473.1	58.1
West region	1,874.6	2,394.9	520.3	27.8
Mountain division	248.9	411.2	162.3	65.2
Pacific division	1,625.7	1,983.7	358.0	22.0
U.S. Total[2]	16,725.6	18,194.9	1,469.3	

[1] Employees on nonagriculture payrolls as of March 1 of the respective years.

[2] Excludes Hawaii and Alaska.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, Washington, D.C.: U.S. Government Printing Office, monthly.

The Northeast region lost 13.9 percent of its manufacturing jobs between 1960 and 1975, approximately 800,000 jobs. All other regions gained jobs. Notably, the Southern region had the largest net gain of almost a million and a half jobs.

A loss in manufacturing jobs from an area has a ripple effect on the economy. A manufacturing concern which sells its goods and services outside its boundaries provides an export function. Hence, retailers with localized services will develop both to supply the needs of the workers and to promote the merchandise. A plant shutdown therefore implies a shutdown in affiliated services. An eroding manufacturing sector results in a reduction in growth of nonfarm payrolls, and in the most severe cases, a high rate of unemployment.

The U.S. Department of Commerce, Bureau of Economic Analysis, has noted that cyclical changes in the national economy have been less favorable toward highly industrialized areas. Since 1948, "The growth of nonfarm payrolls was substantially less in the North, which was industrialized earlier, than in the South and West, which were industrialized later and continue to be less industrialized." From 1948 to present, "national recessions reduced the growth of nonfarm payrolls more in the North than in the South and West, and national expansions stimulated the growth of nonfarm payrolls less in the North than in the South and West." One reason for this occurrence is that the South and West manufacture a large share of the nation's high-technology and electronic equipment, the demand for which is less sensitive to swings in the national business cycle.

In some formerly high industrial areas, a shift to a service base is being made. While this benefits an area insofar as its dampened sensitivity to business cycles, some economists would maintain it nonetheless fails to provide the affiliated services, income, and jobs that manufacturing offers.

The Bureau of Economic Analysis has recently published new state-level projections of economic activity from 1969 to the year 2000. Table VI displays by region the projections for total earnings, total employment, and total population.

TABLE VI

REGIONAL ECONOMIC PROJECTIONS

1969–2000

Economic Factors	Total Earnings % Share		Total Employment % Share		Total Pop. % Share	
Year	1969	2000	1969	2000	1969	2000
United States	100.0	100.0	100.0	100.0	100.0	100.0
New England	6.0	5.1	6.2	5.3	5.9	5.3
Mideast	23.4	16.9	21.5	16.0	20.9	16.5
Great Lakes	21.6	19.2	19.9	17.7	19.9	17.7
Plains	7.4	7.3	8.2	7.8	8.0	7.4
Southeast	17.3	21.4	20.6	23.5	21.7	24.0
Southwest	7.1	10.0	7.8	10.2	8.2	10.3
Rocky Mountain	2.1	3.3	2.4	3.6	2.5	3.5
Far West	14.9	16.6	13.5	15.9	13.2	15.5

Source: U.S. Department of Commerce, Bureau of Economic Analysis, October 14, 1980.

It can be seen from this table and from other available data that in overall economic performance, the regions of New England, the Mideast, Great Lakes, and the Plains have consistently been doing poorly since 1969, and are currently projected to remain on an unfavorable tract to the year 2000. Within the Mideast region, New York State is projected to experience the worst decline: in share of total earnings, from 10.8 percent in 1969 to 6.5 percent in 2000; in share of total employment, from 9.4 percent in 1969 to 6.1 percent in 2000; and in share of total population, from 9.0 percent in 1969 to 6.4 percent in 2000.

In contrast, the regions of the Southeast, Southwest, Rocky Mountain, and Far West are projected to remain on their upswing track. These four regions in total percentage share of each category of total earnings, employment, and population, are projected to surge ahead of the other four regions in their total percentage share of each category.

4. Fiscal Performance

Inflation and rising incomes have contributed to revenue increases at all levels of government. However, inflation also contributed to a

rise in expenditures due to increased cost of maintaining services, offsetting the increase in revenues in some cases.

Income taxes in the 1970's continued as the fastest growing major tax source. At all levels of government, income tax as a percent of all revenues increased from 56.8 percent in 1972–73 to 63.4 percent in 1978–79. However, at the state and local level, sales and gross receipts continued as the largest single source of tax revenue, at 36 percent. Sales tax revenue increased in relative importance at the local level, from 9.3 percent in 1972–73 to 13.1 percent in 1978–79. Property taxes, however, declined in relative importance as a revenue source for local government from 83 percent in 1972–73 to 78 percent in 1978–79. This trend in property tax decline is expected to continue through the 1980's, and does raise questions in the area of education finance.

An important element in the revenue picture is intergovernmental (Federal) aid, the second major source of general state and local revenue, at 32 percent of revenue from all sources in 1978–79. For state government this percentage is 23 percent, for local government, 40 percent.

The four states that derive the most revenue in absolute dollars from intergovernmental sources, California, New York, Pennsylvania, and Texas, averaged 28 percent of their total revenue from intergovernmental aid in 1978. Comparatively, the four states that derived the lowest revenue in absolute dollars from intergovernmental sources, Vermont, New Hampshire, South Dakota, and Wyoming received an average of 38 percent in 1978 from intergovernmental aid. Therefore, states receiving the greatest absolute amounts of revenues proportionally rely more on their own source funds than intergovernmental assistance.

It must be noted that in this context, education continues to be the primary responsibility of state and local governments. In 1979–80, estimated expenditures of public elementary and secondary schools by source of funds showed 9.5 percent from Federal sources, 45 percent from state sources, 45.2 percent from local sources, and .3 percent from other sources. For public and private higher education, the percentage share is 13.2 percent Federal, 31.1 percent state, 3.6 percent local and 51.6 percent from gifts, fees and services. Indeed, in 1978–79, education represented 31.3 percent of state and local government expenditures for all purposes, the largest budgetary item.

The future picture may be subject to increasing uncertainties. Although intergovernmental revenue increased from 1972–1979, as a percent of all revenue to states a decline occurred from 25 percent

to 23 percent. With the burden of inflation and revenue limitation measures, such as Proposition 13, questions must be raised as to future sources of revenue or a decline in services. Escalating costs and service demands will exert pressure on the expenditure side of the fiscal equation. The fiscal capacity of a state to replace revenues lost from relative and/or absolute declines in intergovernmental aid will dictate whether or not or how adequately its citizens' needs will be met. For those states such as New York, where out-migration has profoundly affected its tax base, replacement will be extremely difficult. Growth economies in other areas of the nation will enable some states to overarch the constraints of tax limitations and the fiscal strains associated with responding to new service demands of an increasing population. Tax capacities are increased in economic growth areas. A study recently completed by the Northeast-Midwest Institute suggests that future increases in oil, coal, and natural gas prices and related taxes will substantially escalate state and local tax revenues in eight major energy-producing states. The large increases in such revenues in these states may create major changes in Federal, state, and local fiscal relations.

A recent study published by the Federal Advisory Commission on Intergovernmental Relations emphasized the limited fiscal condition of the low growth regions. The study measured the "fiscal blood pressure" of the 50 state/local systems by comparing taxes in relation to personal income for FY 1978, and the rate of change in tax effort since FY 1964. The fiscal blood pressure was found to be high for many frostbelt states, and relatively low for many sunbelt states.

5. Federal Responsiveness

We have noted the importance of intergovernmental aid in the 1970's and, for some regions of the country, the uncertainties of the 1980's.

As changes in regional economic trends began to emerge in the early 1970's, questions arose over the distribution of Federal spending; namely, why certain states and regions were favored over others. Congressional debate on the Elementary and Secondary Education Act in the early 1970's centered on the formula for the distribution of funds for Title I, the largest single program of Federal aid to education. These debates heightened the need to review the conventional wisdom on which Congress based the development of formulas for the distribution of Federal aid.

In June 1976, *National Journal* published a report which examined, on a regional basis, the relationship between Federal spending and tax collections. It was found that a redistribution of

the wealth occurred, from the economically hard pressed Northeast and Midwest regions to the more economically propitious areas of the South and West.

Dialogue on the criteria for determining fairness in the redistribution of funds and research investigating the actual consequences of Federal aid has continued since the publication of this report. In August 1980, the Northeast-Midwest Institute issued a report analyzing the regional implications of government spending patterns for the five-year period from fiscal 1975 to 1979. The Institute found that the 18 states of the Northeast and Midwest transmitted $165 billion more in taxes to the Federal government than they received in government spending. Over the same period the South and West gained. The 32 Sunbelt states received $112 billion more from the Federal government than they contributed.

Data presented in Table VII show the ratio in 1979 of Federal expenditures to Federal tax revenue for the 10 highest and 10 lowest ranking states in 1979.

TABLE VII

THE FEDERAL BALANCE OF PAYMENTS

1979

RANK		
Highest		
1	D.C.	8.58
2	New Mexico	1.91
3	Mississippi	1.57
4	Alaska	1.45
5	Virginia	1.41
6	South Dakota	1.39
7	Tennessee	1.34
8	Maine	1.32
9	North Dakota	1.31
10	Hawaii	1.31
Lowest		
42	Oregon	.88
43	Minnesota	.85
44	Iowa	.76
45	Delaware	.74
46	Wisconsin	.74
47	Illinois	.73
48	Ohio	.71
49	Indiana	.70
50	New Jersey	.69
51	Michigan	.66

Source: *The Federal Balance of Payments*, Northeast-Midwest Institute, August 1980.

Examining this table, the reader can note that New Mexico received $1.91 in Federal expenditures for each $1 in taxes to the Federal government. Contrast this to Michigan, where for each $1 of Federal taxes, it received $.66 in return. These data demonstrate that the Midwest is receiving a substantially smaller share of Federal expenditures in relation to Federal taxes raised than any other region.

New York State ranked 36th on this scale in 1979, an increase from rank 40 in 1975. In 1975, New York's ratio was .89, increasing

to .96 in 1979. However, the 1979 balance of payments still represented a negative dollar flow of $1.7 billion.

One reason for this imbalance in payments is found in the various factors used in Federal formulas allocating funds to states and localities. The following section reviews these factors, using several education programs as case examples.

B. Implications for the Allocation of Federal Resources

We have discussed the dramatic changes in the demographic and economic conditions of regions in the United States, as well as the fiscal performance of state and local government and their reliance on intergovernmental aid. We have also seen the imbalance of Federal payments among regions and states in the United States. It is important to examine some of the reasons for this imbalance, with particular attention to several Federal education programs requiring review and renewal in the 97th Congress.

It became apparent in the 1970's that inequity results when current formulas for the distribution of Federal aid continue to be based on past conditions. The various factors in a formula are usually based on certain demographic and economic features which are the key to determining the flow of resources from the Federal to state levels. Such factors have included variations in population, general or special; per capita income; state and local expenditures; and various combinations of such in mathematical equations. As economic and demographic features change over time, however, periodic adjustment, or a total review of these factors, is required to assure effective program impact.

A review of the development of Federal allocation formulas shows population measures were the dominant factor from the first grant in 1862, under the Morrill Land Grant Act, through the first third of the 20th century. During the 1930's collapsing state finances resulted in a shift toward including state expenditures as a factor. The post-World War II period saw an expansion of Federal assistance in areas of health, education, and welfare which generated many of the formula factors existing today.

The Hospital Survey and Construction Act of 1946 represented a major change in Congressional thinking that now burdens the high per capita income states. The allocation formula in this Act determined need by comparing the inverse ratio of per capita income of a state with the per capita income of all states. Using "inverse ratio" stimulated the allocations to low per capita income states. At that time, there was wide variance in state per capita incomes between the more densely populated states of the Northeast and the less

populated states of the South and West. The role of the Federal government was seen as redistributing the wealth of the Northeast and stimulating the lagging economy of the South and West.

This philosophy was carried forward in the 1954 amendments to the Vocational Rehabilitation Act of 1920. Still in use today, the formula relies on two factors: general population and state/national per capita income, with a "squaring" of the latter's inverse ratio. This resulted in an even sharper skewing of funds to low per capita income states. The intent was to give these states added stimulus and encouragement in what, at that time, was their slow development of vocational rehabilitation services. In the 1960's, the Vocational Education Act was given a similar formula using various age groupings of the population and the inverse ratio of state/national per capita income. Despite the changing economic and demographic conditions, these formulas still exist today.

The Federal Advisory Commission on Intergovernmental relations has identified more than 40 Federal programs which use income or some other financial indicator as a formula factor. In addition, approximately 100 Federal programs use some measure of population as a criterion, of which half are special population factors. These variables play a large role in the increasing Federal involvement not only in education, but in other programs affecting our everyday lives. Nationwide population trends and changing economic patterns dictate corrective measures to meet present conditions.

Case Examples

We will review and compare the factors used in three Federal education programs allocated on a state grant formula: the Vocational Education Act, the Rehabilitation Act, and The Library Services and Construction Act.

1. Vocational Education Act

The formula in the Vocational Education Act is based on various age groupings of population, and per capita income.

The total amount of funds available for distribution to the states is divided into four portions: 50 percent on the basis of the age-group 15–19; 20 percent on the age-group 20–24; 15 percent on the age-group 25–65; and the final 15 percent on the distribution of the previous 85 percent. The first three portions are based on the relative number of persons of each age-group in each state.

To determine each state's relative share, the population figures are combined with each state's allotment ratio. The allotment ratio is

derived by taking the inverse ratio of a state's average per capita income compared to the national average per capita income, except that no state can have an allotment ratio greater than .60 or less than .40. The effect is that a state with a per capita income higher than the national average has an allotment ratio less than .50 but greater than or equal to .40, while one with an income less than the national average has a ratio higher than .50 but no greater than .60.

Essentially, an allotment ratio allows the use of a portion of the population with which it is combined. For a low income state, up to 60 percent of the population is counted, while for a high income state only 40 percent of its population is counted.

The final formula requirement is that no state shall receive less than $200,000 or its total FY 1976 allocation, whichever is the greater amount.

Table VIII displays by region the impact of the formula. When comparing each region's percentage share of the target population 15–65 and each region's percentage share of the vocational education allotment, one can see that the Northcentral and Far West regions of the country are shortchanged. This is due primarily to the use of the inverse ratio of per capita income. The impact on various states within regions may differ somewhat, depending on state population and income, but the regional trend is significant. Furthermore, the $200,000 state minimum has the effect of helping states with small populations, presumably to ensure an adequate program base.

TABLE VIII

COMPARISON: TARGET POPULATION AND FY 1981 VOCATIONAL EDUCATION ALLOTMENT BY REGION, IN PERCENTS

Region	% Population 15–65 1979 Estimates	% FY1981 Vocational Education Allotment
New England	5.60	5.45
Mideast	19.19	17.33
Great Lakes	18.60	17.89
Plains	8.62	8.09
Southeast	22.10	24.89
Southwest	8.85	9.28
Rocky Mountain	2.79	3.02
Far West	14.35	12.19

Source: Bureau of the Census, U.S. Department of Commerce; and National Center for Education Statistics, U.S. Education Department.

It is interesting to note that in FY 1981, there were 32 states with allotment ratios of .50 or above, and 18 states and the District of Columbia with ratios below .50. These 18 states and D.C. represent 49 percent of the target 15–65 population, yet receive only 43 percent of the vocational education funds.

Finally, and most significantly, in the past decade, the per capita income allotment ratios have been converging toward .50, just as average per capita incomes have been converging as illustrated earlier in Chart A. For example, some states with increasing allotment ratios include New York, Illinois, Delaware, and Connecticut, all states which have not kept up with the national average growth in per capita income since 1969. In contrast, some states with decreasing allotment ratios include Alabama, Louisiana, Kentucky, Texas, Oregon, and Washington, states which had per capita income growth rates since 1969 well above the national average.

This trend should raise serious question over the continued use of the inverse ratio technique, originally designed to overcompensate economically disadvantaged and low per capita income states.

2. Rehabilitation Act

The present formula for determining each state's entitled allotment under the Basic Support Program was included in the 1954

amendments (P.L. 83–565) in order to give greater financial support to states with relatively low average per capita incomes. The formula is similar to the vocational education formula, but with four significant differences: 1) total resident population is used instead of age groupings of a 15–65 target population; 2) the per capita income allotment ratio for each state cannot be greater than .75 nor less than .333, instead of .60 and .40 as in vocational education; 3) the allotment ratio for each state is "squared"; and 4) each state must receive no less than its FY 1978 allotment.

The impact of the use of different population statistics and the different allotment ratio range is minimal. The wider range allowable in the state allotment ratios has served over the years to create a greater gap in per capita allocations between high and low income states. However, as noted above, in recent years the allotment ratios have been converging anyway. Today, only one state, Alaska, must be adjusted up to .33 and only two states, Mississippi and Arkansas, fall above .60. In spite of the .33 to .75 limitation, all other states are in the .40 to .60 range, except for D.C. which is at .37.

The impact of the third difference, however, remains significant. As mentioned, the use of inverse ratio penalizes high income states in the vocational education formula. By "squaring" the allotment ratio under the vocational rehabilitation formula, there results a further skewing of funds away from high income states to low income states. For example, with the squaring factor, the percent share of funds for the Mideast region of the country is 15.96 percent; without the squaring this percentage would be 17.62 percent. For New York State, the difference is between 6.3 percent and 7.1 percent of the total funds.

Table IX displays the differences among regions between relative share of the population and relative share of the funds for vocational rehabilitation. The five regions with 65 percent of the population receive 57 percent of the funds.

It should be noted that in the 1978 amendments, P.L. 95–602, a favorable adjustment was made in the vocational rehabilitation formula. A Fiscal Year 1978 state hold harmless was added with the proviso that, of any amount appropriated in excess of the FY 1978 amount, 50 percent would be allocated to the states on the basis of the basic "squared" formula, and 50 percent on the basic formula *without* the "squaring" factor. In FY 1981, $803 million was allocated on the basis of the "squared" formula, and $43 million was allocated without the "squaring" factor.

TABLE IX

COMPARISON: RESIDENT POPULATION, VOCATIONAL REHABILITATION ALLOTMENTS, LIBRARY SERVICES AND CONSTRUCTION ACT ALLOTMENTS BY REGION, IN PERCENTS

Region	% Resident Population 1979 Estimate	% FY 1981 Voc. Rehab. Allotment	% FY 1980 LSCA Allotment
New England	5.58	5.17	6.53
Mideast	19.12	16.45	17.94
Great Lakes	18.75	16.61	17.10
Plains	7.78	7.63	8.61
Southeast	22.66	27.33	22.24
Southwest	9.06	9.47	8.49
Rocky Mountain	2.85	2.99	3.83
Far West	14.16	11.10	13.21

Source: Bureau of the Census, U.S. Department of Commerce, and National Center for Education Statistics, U.S. Education Department

3. Library Services and Construction Act (LSCA)

Funds appropriated under Title I of the Act, Library Services, are allocated to states as follows: each state, D.C., and Puerto Rico first receives a minimum allotment of $200,000; the balance is distributed on the basis of each state's share of the total resident population.

However, there is also a Federal/state matching requirement, different for each state. Each state's "Federal share" is determined by taking the inverse ratio of a state's average per capita income compared to the national average. The Federal share ranges from 33 percent to 66 percent. States must match from state and local funds the amount remaining after the Federal share is determined, and must maintain the level of expenditures of the second preceding year.

Table X displays Federal/state matching percentages of selected states in FY 1980. For example, New York State's "Federal share" was 45.59 percent, and its "State share" 54.41 percent. In that same year, Florida's "Federal share" was 52.24 percent and "State share," 47.76 percent; Alabama was 60.08 percent Federal and 39.92 percent state.

TABLE X

LSCA, TITLE I
FEDERAL/STATE MATCHING REQUIREMENTS
FY 1980, SELECTED STATES

State	Federal Percentage	State Percentage
Alabama	60.08%	39.92%
California	43.72%	56.28%
Florida	52.24%	47.76%
Illinois	43.39%	56.61%
Kentucky	57.88%	42.12%
New York	45.59%	54.41%
Ohio	50.05%	49.95%
Texas	51.90%	48.10%
Utah	57.88%	42.12%
Vermont	58.10%	41.90%

Source: U.S. Education Department

In sum, a state's total final Federal allotment cannot exceed its designated "Federal share." However, the method by which this share is determined, inverse ratio of per capita income, places a higher relative expenditure requirement from state and local sources on high per capita income states. The result is not evident in each state's share of the total LSCA Title I funds, but rather in what each state must match in own source funds in order to be eligible to receive the Federal allotment. Again, the greater burden is placed on the states with per capita incomes above the national average.

Table IX displays the regional percentages of LSCA funds compared to percentages of the resident population. Table XI provides a summary comparison of regional percentage shares of funds allocated under the Vocational Education Act, the Rehabilitation Act, and the Library Services and Construction Act. One can observe from Table XI that all but two regions, the Southeast and Southwest, fare progressively worse moving from LSCA to the most regionally weighted formula of vocational rehabilitation.

TABLE XI

SUMMARY COMPARISON OF REGIONAL PERCENTAGES UNDER THE LIBRARY SERVICES AND CONSTRUCTION ACT, THE VOCATIONAL EDUCATION ACT, AND THE REHABILITATION ACT

Region	LSCA, % Title I FY 1980	Voc. Ed., % State Grants FY 1981	Voc. Rehab., % Basic Support FY 1981
New England	6.53	5.45	5.17
Mideast	17.94	17.33	16.45
Great Lakes	17.10	17.89	16.61
Plains	8.61	8.09	7.63
Southeast	22.24	24.89	27.33
Southwest	8.49	9.28	9.47
Rocky Mountain	3.83	3.02	2.99
Far West	13.21	12.19	11.10

Source: U.S. Education Department

C. Recommendations for Alternative Policy Considerations

It appears evident that in light of recent demographic and economic changes in the United States, a more equitable fiscal partnership, or balance, must be fashioned among Federal, state, and local governments. One way of helping to correct the current imbalance is the review and adjustment of outdated Federal allocation formulas.

We have identified and analyzed three Federal education programs with inequitable allocation formulas, anachronistic to present conditions. These programs must be renewed and extended in the 97th Congress. We urge the following alternative policy considerations be made:

1. Per capita personal income is not a reliable way of assessing the wealth or relative fiscal capacity of an area. A more responsive statistic must be developed on a state aggregated level, perhaps a net adjusted disposable income statistic that will account for tax burden and cost of living.

2. The use of the inverse ratio technique when computing state per capita income allotment ratios penalizes many states and regions

we have identified as declining in economic growth. These states, although still above the national average in absolute income, are facing a fiscal squeeze of increased social burden, strained resources, and diminishing tax capacity. Further, if the national trend toward convergence in per capita income continues, the use of the inverse ratio in the future may have little effect on the formula allotment outcomes. We urge elimination of the inverse ratio.

3. The "squaring" factor on the inverse ratio in the vocational rehabilitation formula compounds the effect of the inverse ratio by simply heightening the skew of funds away from low growth areas to high growth areas. Because it merely worsens the inequitable distribution resulting from the inverse ratio, the squaring factor should also be eliminated from the vocational rehabilitation basic support program formula.

4. One alternative factor that could be considered to help low relative growth areas is "income lag." An "income lag" factor could encompass slow, or below average, rates of growth in per capita income, adjusted for percentage income gains or declines. A similar concept is presently used in the Community Development Block Grant formula. It is known as the "population growth lag" factor, and is defined as the amount of population a city or county would have had in addition to its current level if it had been growing since 1960 at a rate equal to the average for all metropolitan cities. The population growth lag factor has proved valuable in targeting funds to areas suffering economic and demographic stagnation.

5. Another alternative factor for consideration is the relative number of unemployed. This factor might be particularly suited to the Vocational Education Act to further target funds to states with greater needs. Using relative number of unemployed avoids the "cost of living" issue, and focuses on the need for vocational training or retraining as measured by the success of those in the labor force to match their skills to those being sought by the job market.

6. Finally, given the maturing of the population in years to come, the Vocational Education Act should place an increasingly greater emphasis on the 25 plus age cohort. The 15–19 cohort present is counted 50 percent, while the older age cohorts are counted at lower percentages. As we have discussed in Section VII of this document, the older groups will require retraining and upgrading of skills to compete in the changing labor market and to increase their productivity. Accordingly, they should be given increased emphasis in the population count for the distribution of funds.

IV. EDUCATION FOR ALL HANDICAPPED CHILDREN, VOCATIONAL REHABILITATION AND OCCUPATIONAL EDUCATION: PROVIDING A CONTINUUM OF SERVICES FOR THE HANDICAPPED

Services for the Handicapped: A Common Thread

In the following three sections we provide individual program analyses of the Rehabilitation Act, the Education for All Handicapped Children Act, and the Vocational Education Act. These three Federal programs contain a common thread relating to the handicapped: the potential for an integration of service delivery in the area of employment training. We would like to preface our discussion of the individual programs with the following description of New York State's effort to coordinate services and resources which impact on the eventual employment opportunities of handicapped individuals.

The national commitment to full opportunity for the handicapped has been expressed in two major laws enacted by the Congress. Public Law 94-142, the Education for All Handicapped Children Act (1975), called for a free appropriate education for all handicapped children in the least restrictive environment. This legislation broadened the responsibility of state education departments in assuring the provision of education for all handicapped children within the state, regardless of where they were being educated.

Passage of the Rehabilitation Act of 1973 (P.L. 93-112) provided clear evidence of the national intent through the Congress to eliminate discriminatory practices against handicapped individuals. This landmark legislation represented a Bill of Rights for the handicapped in prohibiting discrimination against any individual based solely upon handicapping condition. Section 504 of P.L. 93-112 specifically prohibits discrimination against the handicapped in any institution or in any program which receives Federal assistance. Additional sections of the Act prohibit discrimination in employment of the handicapped, require affirmative action for employing the handicapped on the part of Federal agencies and Federal contractors, and establish the requirement that all buildings owned, occupied or financed by the U.S. government be accessible to handicapped persons. The Act also specifically requires the development of cooperative efforts and activities among special education, occupational and continuing education, and vocational rehabilitation programs.

The Vocational Education Act makes specific provision for the handicapped. Section 110(a), National Priority Programs, provides for a minimum 10 percent set-aside of each state's allotment to pay up to 50 percent of the cost of services for handicapped persons.

The New York State Experience

New York State has had a historical commitment to providing its physically and mentally disabled citizens the means by which to lead a productive, useful and satisfying life which precedes the recent Federal commitment and national attempts to address the issue.

New York's educational programs for children with handicapping conditions are equal to or go beyond Federal mandates. The State also has a continuing commitment to assist handicapped individuals in obtaining and maintaining employment through the efforts of the Office of Vocational Rehabilitation. In past years, the primary focus was directed toward assisting handicapped youth as they left school and began seeking employment. Recent experience has suggested that earlier intervention of vocational rehabilitation personnel can lead to more effective vocational planning and programs, and increases the probability of successful transition from education to employment. Recognition of the need for earlier intervention and more effective coordination of education and vocational rehabilitation programs has resulted in an effort to expand the role of vocational rehabilitation in the educational setting. The New York State Education Department is responsible for administering vocational rehabilitation, occupational education, and special education, providing a tremendous advantage in delivering services to handicapped children.

Recent activities undertaken by the State Education Department reflect this structure. In the last two years, the Department has initiated a concentrated effort to more effectively coordinate services and resources which impact on the eventual employment opportunities of handicapped students. The Office of Vocational Rehabilitation and the Office for Education of Children with Handicapping Conditions jointly fund projects so that vocational rehabilitation counselors are accessible to educational programs at critical times in the student's educational career. These joint projects have alleviated identified gaps in services. The Office for Occupational and Continuing Education has established a Civil Rights Compliance Unit, which has as one of its goals the assurance that a student with handicapping conditions is afforded full access to occupational education programs without discrimination.

The statewide in-service training network coordinated by the Office for Education of Children with Handicapping Conditions has

increased its capabilities toward providing training to those individuals who are involved in the education of children with handicapping conditions. This network of Special Education Training and Resource Centers (SETRCs) is providing training to regular educators, occupational educators, parents, administrators, and boards of education so that they will have the necessary information and skills to provide effective programs for these students. Particular emphasis is being placed on the greater involvement of occupational educators, vocational rehabilitation counselors, and guidance counselors in planning and decision-making.

Recent initiatives by the New York State Education Department include the important findings of the Classifications and Standards Project study of the delivery of educational services to the handicapped within the State. Results of this study have led to a series of recommendations for improving this system, including the provision of a method of funding educational services for the handicapped based on services provided rather than labels.

Public Law 94-142 and the Regulations of the Commissioner of Education in New York State mandate the development of Individualized Education Programs (IEP) for students receiving special education and related services. Special education is defined as specially designed instruction to meet the unique needs of a handicapped student. The IEP is a written statement of the educational program which describes the special education and related services to be provided and is based on relevant documented information. Students requiring special education assistance in order to succeed in an occupational or vocational program must have a vocational component as part of their IEP.

The Rehabilitation Act of 1973 emphasizes a jointly developed Individualized Written Rehabilitation Plan (IWRP) for all vocational rehabilitation clients. The IWRP is a written statement which places primary emphasis on the determination and achievement of a vocational goal and is primarily the responsibility of the vocational rehabilitation counselor. Both the IEP and IWRP are similar in purpose and approach. However, in many cases they are written totally independent of each other, with minimal interaction occurring between special educators, support personnel, vocational educators and rehabilitation counselors in the development, coordination and implementation of IEPs and IWRPs for handicapped children and adults. In order to develop educational programs which prepare handicapped students to meet the challenge of employment, appropriate long-range planning and ongoing communication among agencies are essential.

Employment: The Key to Full Access

Perhaps the ultimate issue confronting full access into society concerns the opportunities that handicapped individuals have for obtaining meaningful and gainful employment. Many segments of the handicapped population have traditionally had little success in the employment world. This has been largely due to the low expectations of society concerning the abilities of the handicapped and the lack of support for the handicapped in obtaining and maintaining employment. Again, the education and rehabilitation system will have to play a major role if this tradition is to be changed. The ability to obtain and maintain employment begins with the preparation the child receives regarding job skills and job-related living skills. In order for the handicapped to have equal opportunities, they may need earlier access to job training. Therefore, along with the provision of career education, there needs to be broader based opportunities for job skill development. Occupational education programs must be fully opened to the handicapped and the traditional stereotypes resulting in limited fields of work must be eliminated.

The transition from school to work must be carefully monitored and coordinated by appropriate educators and vocational rehabilitation personnel. This will bring about the necessity for improved communication and cooperation between educators, vocational rehabilitation counselors and employers. In the past, this cooperation and communication among all parties has been the exception rather than the rule. The educational system must also be more aware of the perspective of employers and attempt to understand their needs and concerns. Many of the problems that the handicapped currently face in seeking employment relate to the lack of understanding by the educational system of what employers need from their employees. Vocational rehabilitation counselors should provide valuable assistance in addressing this issue.

Section 504 of the Rehabilitation Act has defined the rights of the handicapped to employment. However, in order for legislation to be implemented, corresponding quality programs must be initiated. Employment preparation for children with handicapping conditions must be based on the realities of the employment sector, and planning and decisions about the programs must include representatives of business and industry. Vocational rehabilitation activities for job development and job placement must be closely coordinated with employment preparation in the schools.

Job development requires knowledge both of the skills and capabilities of the handicapped plus the needs and requirements of em-

ployers. The actual matching of an individual with a specific job or job placement is a most critical element where the skills of vocational rehabilitation counselors can be effectively used by school personnel. If greater employment opportunities are to be expected, then present vocational and occupational education preparation programs must be improved. If access to varied employment opportunities is to increase, then the support and involvement of potential employers in job development and placement strategies must be enlisted. If the long-range goal is reaching over and above obtaining employment to maintaining employment for the handicapped, then follow-up support through postemployment services for students and support services for employers must be further developed.

As the reauthorization of the Vocational Education Act of 1963, the Rehabilitation Act of 1973, and Parts C, D and E of the Education for All Handicapped Children Act is considered by Congress in the coming months, the Regents urge that a comprehensive review of all three major pieces of legislation be undertaken with a view toward a Federal concern for a strengthened integration of service delivery. The education and rehabilitation system must do much more to support the eventual employment of handicapped children. Employment training should not be an alternative, but a requisite for all special education programs. Individualized Education Programs for children with handicapping conditions must include effective vocational education strategies and must involve the vocational rehabilitation counselor at as early an age of the handicapped child as possible. Occupational educators, special educators, and vocational rehabilitation personnel must be thoroughly knowledgeable of one another's programs and services, and must use these services effectively. Early childhood programs, school-age programs, occupational education and vocational rehabilitation services must be a well-coordinated continuum, and all parties involved must communicate with each other and see themselves as having common interests and goals.

V. VOCATIONAL REHABILITATION

The Rehabilitation Act of 1973 as amended is the product of legislation enacted in 1920, and is designed to assist physically and mentally disabled persons to acquire a capacity for productive work, or improved functioning as workers or homemakers within their own homes. The range of services available under the vocational rehabili-

tation program includes professional rehabilitation counseling; diagnosis and evaluation to assess vocational potential; training; surgery or appliances to reduce disablement; selective placement in suitable work; and postemployment aid to assure that the handicapped worker is able to maintain his or her employment.

In New York State, vocational rehabilitation services for all but the blind are administered by the Office of Vocational Rehabilitation of the State Education Department. (Blind persons are served by the Commission for the Blind and Visually Handicapped of the State Department of Social Services.) Basic rehabilitation counseling and planning with clients are carried on by the counseling staff of the Office. Such other services as training and restoration are secured through other public, voluntary, or proprietary community sources.

The Office of Vocational Rehabilitation currently provides services to almost 100,000 clients and successfully rehabilitates approximately 10,000 of them annually. Many of these disabled youths and adults are referred by the Social Security Administration as Social Security Disability beneficiaries or Supplemental Security Income recipients. Some are disabled public assistance recipients referred by local Departments of Social Services. Others are referred by physicians, hospitals, school programs for children with handicapping conditions, and other local agencies. Clients may also apply for services directly.

The 97th Congress will consider the renewal and extension of the Rehabilitation Act. Major areas that require attention in the reauthorization process include the need to evaluate and revise an outdated state distribution formula; the need to provide greater access by vocational rehabilitation clients to the full range of federally financed social services and medical assistance programs; and the need to more clearly define the mission and goals of federally sponsored vocational rehabilitation programs so as to distinguish them from other Federal programs of services to disabled persons. The Regents urge that the issues highlighted below be given special consideration.

Formula Revision

The Rehabilitation Act is one of three major pieces of Federal legislation up for reauthorization within the next two years in which the basic grants to states involve the formula originated in the "Hill-Burton" Hospital Survey and Construction Act of 1946. At the time of the adoption of the formula for allocation of rehabilitation funds in 1954, there was a strong emphasis on encouraging and stimulating the growth of services in rural, economically disadvantaged states with relatively small per capita income. The major factor used as a

measure of the ability of a state to provide funds for vocational rehabilitation services is the inverse ratio of a state's per capita income to the national per capita income, an inherently inequitable method previously addressed at length earlier in this document.

Significant changes in programs and the economy since that time have not been translated into compatible changes in the formula, resulting in a gross distortion in allocation and a flawed definition of need and ability to pay. The current formula for the Basic Support Program reflects national conditions prevalent more than two decades ago and is simply not adequate for meeting present-day conditions.

A detailed discussion of the formula and recommendations appear in Section III of this document.

Program Cost Increases

Congressional mandates requiring greater and expanded access to the full range of federally financed social services by vocational rehabilitation clients have created built-in increases in program costs for vocational rehabilitation agencies. As one example, expanding eligibility for Supplemental Security Income (SSI) to include young adults who reside with their parents also increased the potential pool of clientele for vocational rehabilitation programs. Under Federal law, SSI clients are *required* to accept vocational rehabilitation services as a condition of continued eligibility for SSI. Related program expansion should not be legislated without a guarantee of a corresponding increase in funding for vocational rehabilitation programs. Similarly, Federal statute and regulations presently require state vocational rehabilitation agencies to seek out so-called "similar benefits" offered by other funding sources where these benefits could substitute for vocational rehabilitation funding wherever possible, such as the Basic Educational Opportunity Grant (BEOG). There are, however, no requirements that the providers of these federally financed similar benefits make any efforts to make them available on a timely basis. Reliance upon securing similar benefits has been placed more upon the persuasive process of negotiation between the state vocational rehabilitation agency and providers of the benefits.

As the demand and cost of services have increased, Federal funding for rehabilitation has not met entitlement needs. Section 110(a)(1) of the Rehabilitation, Comprehensive Services and Developmental Disabilities Amendment of 1978 stipulates that states are entitled to receive the authorized level of funding for vocational rehabilitation services; that is, the amounts authorized in the statute

must in fact be the amounts appropriated. The levels of funding authorized in Sections 100(b)(1), 100(c), 110(a) and 110(b)(1) have not been forthcoming in the way of appropriations. State rehabilitation programs find themselves with fewer dollars after inflation than they previously have had for purchase of services.

Lack of appropriated funds in FY 1981 for the facilities improvement grant provision of the Rehabilitation Act, as amended, has increased the financial squeeze on public and nonprofit rehabilitation facilities. The result is an increasing number of handicapped persons who are unable to be served in both state programs and private facilities. The ability of vocational rehabilitation counselors to purchase services for all eligible handicapped citizens in a flexible open market as well as through specialized services of facilities is of great importance to the rehabilitation program. Nationally, 33 percent of all service expenditures for clients is made in rehabilitation facilities. Since 1975, expenditures for clients in facilities have increased by 21 percent. Rehabilitation facilities offer important and unique advantages to the national rehabilitation program and have been funded and utilized extensively by state vocational rehabilitation agencies. Appropriations have not increased over the past few years to the extent needed to balance demand for services against rising costs required for rehabilitation of the severely disabled.

Coordination of Services

The 1978 Amendments to the Rehabilitation Act and P.L. 94-142 clearly state that there should be a cooperative effort among the Offices of Education for Children with Handicapping Conditions, Occupational and Continuing Education and Vocational Rehabilitation.

In New York State, the vocational rehabilitation program has always been a part of the Education Department because education and training are recognized as inseparable components in the goal of providing the handicapped with the opportunity to obtain productive, satisfying employment. A significant number of persons referred for vocational rehabilitation services are identified by school systems. Of the 22,000 clients receiving training in March 1978, 68 percent were less than thirty years old, reflecting the direct relationship between the dominant vocational rehabilitation services—counseling and training—and the several related areas of Department responsibility in preparing handicapped youth for productive employment. Pilot programs using vocational rehabilitation counselors to coordinate activities for handicapped children among special education, occupational education and vocational rehabilitation have been operating in

the Albany, Monroe, Fulton, Herkimer, Lewis, Montgomery and Oneida school districts and County Boards of Cooperative Educational Services (BOCES) for over a year. These programs have served to provide a smooth transition from school to training to the world of work.

There exists a long tradition of collaborative services to handicapped youth within New York schools which encompasses the vocational rehabilitation program, school guidance departments, school health offices, school psychologists and social workers, vocational programs of Boards of Cooperative Educational Services (BOCES), work study programs, workshop study programs and educational programs for children with handicapping conditions. The New York State Education Department operates and supervises schools and special education programs for deaf, hearing impaired, and visually impaired students, many of whom later complete their preparation with vocational rehabilitation services. Continuing education, career education, lifelong learning, and library services for the handicapped are important resources in support of both vocational rehabilitation and productive living. Outside of the Education Department, New York's Office of Vocational Rehabilitation also works in cooperation with the Office of Mental Health, Office of Mental Retardation and Developmental Disabilities, Division for Youth, Division of Substance Abuse, Department of Social Services, Division of Parole, the Department of Correctional Services, and the Division of Alcoholism.

As recognition of the special needs and rights of disabled persons has grown rapidly during the past decade, programs designed to meet the responsibility of providing services to meet those needs and address those rights have grown at a corresponding pace. Because the needs of the disabled cut across several areas and funding is so limited, it is essential that responsibility for programs be allocated on a basis consistent with the ability and orientation of any given agency to provide a particular service or set of services. Problems arise when responsibility for service provision and related costs are not clearly assignable, as the current controversy with the provision of "related services" under P.L. 94-142 illustrates. Because of its commitment to serve the disabled, the vocational rehabilitation agency finds itself in the position of funding services which are oftentimes not appropriate to its role and mission.

Young people with disabilities who leave or drop out of an educational program that was responsible for providing education and the development of social skills become the responsibility of the vocational rehabilitation agency, which is then expected to provide the

program and funding to remedy the barriers to employment. Similarly, developmentally disabled individuals who require extensive prevocational or other programs necessary to eliminate barriers to employment become the responsibility of the vocational rehabilitation agency because adequate programs may not otherwise exist. Agencies serving the educational, vocational, recreational, psychological, health and social service needs of disabled persons must have a refined definition of specific goals on which to operate, administer and finance their respective programs. If the foundation of a carefully coordinated system of services that will clearly answer the questions of what services will be provided, by whom, to whom, and under what source or sources of funding is not established now, a fragmented, duplicative, and expensive program of services will be the end result.

Recommendations:

1. A clear need exists for a new formula that will be equitable under present conditions. The existing formula does not recognize regional differences in cost and municipal overburden, and fails to target aid effectively to areas with greater total need. Recommendations are discussed in greater detail in Section III of this document.

2. The Federal government should provide increased funding for programs of service to meet the vocational needs of clients who are currently eligible for Title XIX, Title XX and other similar social and health care programs. When Congress passes or amends health and welfare legislation which increases the pool of persons eligible for rehabilitation services, the legislation should reflect the additional costs to be borne by vocational rehabilitation agencies. When Federal funds are involved, providers of similar benefits should be required to make those benefits sufficiently available. Vocational rehabilitation clients who are eligible for such benefits should receive them on a timely basis and without the need for the state vocational rehabilitation agency to make special arrangements in order for these benefits to be provided.

3. The reauthorization of Federal legislation affecting the handicapped (including the Rehabilitation Act, Vocational Education Act, and P.L. 94-142) should consider the programmatic linkages and relationships that exist between and among programs of education for children and youth, rehabilitation programs for adults or young adults and for the developmentally disabled. The responsibilities for services and assignment of costs for each of these program areas should be more explicitly stated in statute in order to prevent inappropriate involvement and funding patterns.

4. Funds should be specifically earmarked for such pilot programs as the one presently under way in the school districts and BOCES involving rehabilitation counselors to encourage the development of innovative methods to provide for stronger cooperative networks among service providers. In addition, funding should be allocated for the development of in-service training programs for teachers and administrators in the area of vocational education. As more and more handicapped children become involved with sequential programs of vocational education on the secondary level resulting from the advent of mainstreaming, the ability to develop vocational programs for disabled youth has become of paramount importance.

VI. EDUCATION FOR ALL HANDICAPPED CHILDREN

The Education for All Handicapped Children Act (P.L. 94-142) expresses a concept to which New York State has been long committed.

The recent trend at the Federal level to de-emphasize the Federal role in education and emphasize the State role, could help resolve some of the major concerns with P.L. 94-142. These concerns include due process procedures, interagency cooperation and supervision of interagency responsibilities, use of Federal discretionary funds, and consistency of standards and criteria to meet P.L. 94-142 requirements. However, if the restructuring of Federal and State relationships includes a reduction of the already paltry amounts of Federal funds earmarked for educating the handicapped, then the Federal government will have ignored its responsibility to a serious national problem in which it has a legitimate and important financial role. Finally, and most importantly, the attempt to remove the handicapped from categorical Federal education mandates is a serious policy error that would have far reaching negative effects on the handicapped.

Consistency of Standards and Criteria to Meet P.L. 94-142 Requirements

The development of consistent policy relating to P.L. 94-142 can eliminate much of the confusion surrounding state and local responsibilities. States have experienced conflicting policy interpretations from the Office of Special Education (OES) regarding standards and

criteria for implementing specific requirements of P.L. 94-142, including related services and due process procedures. Lack of a standard policy interpretation procedure has given the appearance of less than a fair, open and timely process. At the same time, in its attempt to establish a policy process, the Federal government must recognize that there are differences among the states.

Education is a state responsibility and each state has established an educational system which responds to its unique needs. Broad policy questions about implementing P.L. 94-142 should be addressed at the Federal level. The means and the methods states use to implement these policies should be determined by each state and must be allowed to be different. Diversity among the states must be respected when policy interpretations are made by OSE regarding state policies and procedures. Just as states must respect local control and maintain state intervention at the minimum, so must the Federal government be careful not to encroach on both state and local responsibilities in its implementation of P.L. 94-142.

In responding to requests for policy interpretations, OSE should first determine the scope and nature of the issue involved. Types of policy issues and interpretations may include the following:

1. Issues of National Scope—including policy issues such as child identification requirements which, of necessity, must be applied universally to all states.
2. Issues Applying to Specific State Situations—including policy interpretations in response to the particular circumstances of a state, such as those involving requirements of particular state plans and the legal framework of individual states. The crucial distinction is that a situation specific policy does not set a national precedent.
3. Issues Which Should Be Decided at the State Level—including situations where statute and regulation charge the state with implementing the issue in question and the issue to be resolved is unique to one state, where OSE interpretation would interfere with state responsibility.
4. Issues Not Readily Resolvable—including cases where statutory or regulatory intent is ambiguous, do not address the issue involved, or specifically prohibit the interpretation requested, where amendment of the law or regulation may be desirable.

To alleviate confusion among and with the states, OSE needs to develop a consistent mechanism for policy decision-making and definition of policy questions. The overall procedure needs to be timely

and include administrative due process steps such as informal negotiation, public debate and impartial appeal.

Interagency Cooperation and Supervision

Section 612(6) of P.L. 94-142 states:

> "The State education agency shall be responsible for assuring that the requirements of this part are carried out and that all educational programs for handicapped children within the State including all such programs administered by any other State or local agency, will be under the general supervision of the persons responsible for educational programs for handicapped children in the State education agency and shall meet education standards of the State educational agency."

The provision requires that programs serving handicapped children administered by other state agencies be under the supervision of and monitored by the state education agency to meet state educational standards and ensure compliance with P.L. 94-142. Additionally, state agencies providing related services as specified in a child's individualized education program (IEP) are to be supervised by the state education agency. The Regents support the intent of this provision, which is to ensure that the rights of handicapped children are protected by assigning the responsibility of overseeing the delivery of special education and related services specified in an individual program to one state agency.

Discharging this responsibility has become difficult for state education agencies, however, because they have no authority in state or Federal law to carry out the mandate or meet the intent. Difficulties have arisen, with particular regard to related services, resulting from fragmentation of state and Federal laws, inconsistent interpretation of existing laws and regulations, unclear definition of single agency responsibility, and lack of incentives and shared commitment. Services for children are to be included in the individualized education program (IEP) which normally are the responsibility of other state agencies under various human services laws. However, under P.L. 94-142, when they are included in a child's individualized education program, they become the responsibility of the state education agency. The issue ultimately becomes one of who subsidizes the cost, and which agency is responsible for the direct provision of services. Furthermore, the definition of "related service" has become very ambiguous. Many psychological and medical services are considered related services even though they are essential for daily living and are not only necessary for handicapped children. The Re-

gents concur that the state education agency should coordinate services necessary to a handicapped child's education. However, it cannot deliver services for which other agencies normally have the responsibility and expertise.

Due Process Procedures

More flexibility is needed to accommodate differences among states, particularly those with preexisting systems meeting the intent of the law.

The due process mandates of P.L. 94-142 were drawn to design the new structure preserving rights of handicapped children. In many states at that time, no state processes existed to assure these rights. Those designing the system overlooked provisions consistent with the objectives of Federal law, such as those existing for due process in New York State.

Responsibility for providing public education constitutionally rests with the states and with their local jurisdiction. New York State law holds local districts ultimately responsible for education. Due process procedures contained in New York State law reflect that responsibility. Before the effective date of P.L. 94-142, appeals by parents on the placement of a handicapped child in New York State were referred to an impartial hearing officer. That officer submitted a recommendation to the local board of education which made the decision on placement of a handicapped child as the board has authority to place *all* children. Appeals from local board action could be referred to the State Commissioner of Education. This due process structure protected children's rights, the direct statutory relationship between New York State and local districts, and the authority of local boards for pupil placement.

Compliance with the Federal appeals process for handicapped students has required the establishment of an intermediary level of authority between local school boards and the State Commissioner in New York State. Advisory rulings of the hearing officer no longer are permitted. Federal legislation has mandated that parties who otherwise have no decision-making power in actual placement now have such an area of educational responsibility. The Federal system has disrupted statutory relationships between the state and local districts. In establishing due process procedures, Federal law and regulation have failed to recognize state laws which were established earlier to meet the same intent. The Federal statute should be changed to allow flexibility in building upon existing state systems to meet Federal objectives.

In practice, the Federal process has become enormously complicated, and may discriminate unintentionally against those most in need of assistance. Although some parents may benefit from the federally prescribed appeals process, disadvantaged and bilingual parents in need of help may lack the resources to use it. Moreover, unlike New York State's former advisory system, the federally prescribed hearing process is adversarial in nature. The process defines the parties so clearly as opponents, rather than as collaborators, that this adversarial relationship may harm the interests of the child because ill feeling among the parties or in the community may result. The due process requirements of P.L. 94-142 must be reevaluated for the fiscal and human costs.

Part D, Training and Personnel for the Education of the Handicapped

Part D, Training and Personnel for the Education of the Handicapped, of P.L. 94-142 provides funding for personnel preparation programs which are awarded on a competitive basis directly by the U.S. Department of Education. This type of award process is contrary to P.L. 94-142 regulations concerning the Comprehensive System of Personnel Development.

Under Section 121a. 380, the Federal regulations require the State Education Department, in its annual program plan for educating the handicapped, to develop and implement a comprehensive system of personnel development which includes in-service training of all individuals involved in educating the handicapped; procedures to ensure that everyone involved in educating the handicapped is qualified; and that sufficient activities are in place to carry out a systematic personnel development plan statewide. Specifically, the regulations require that the State Education Department:

> ". . . initiates in-service personnel development programs based on the assessed needs of statewide significance related to the implementation of the Act." (Section 121a. 382(b)(2))
>
> and
>
> ". . . each annual program plan must provide that the state educational agency ensures that ongoing in-service training programs are available to all personnel who are engaged in the education of handicapped children." (Section 121a. 382(3))

The regulations further require that the State describe how in-service training needs will be determined, what areas of training are needed, who needs it, the content and nature of the training, and

how the training will be provided as far as geographical scope and procedures.

The State Education Department is also responsible for evaluating and administering the overall system, as well as monitoring in-service training activities throughout the State. The State has been given total responsibility for this comprehensive program, yet does not have direct control over the major source of funds available to implement it.

Presently, the State Education Department is informed of personnel development projects after they have been funded, having no decision in which projects are funded and what personnel development activities take place. There are several million dollars worth of projects funded within New York in this manner each year, and frequently they are duplicative of ongoing programs or involve activities that are not priorities of the State. As a result, areas of importance are often left unaddressed.

Recommendations

1. The basic tenets of P.L. 94-142 should remain intact as legislation. The regulations should be revised to give states more latitude in implementing the intent of the law within the various state educational structures. The basic concepts, such as the IEP, due process (with some amendment for simplifiction; see recommendation Number 6 below), and confidentiality should be retained as requirements of law with details for implementation and specific regulation left to the states.

2. P.L. 94-142 should remain a categorically funded program. While many programs have been placed within block grant structures, the education of all handicapped children is a national concern and priority which should maintain its specific categorical focus and funding.

3. Special Education Programs (SEP) should develop a process and procedures to be used for policy resolutions, including a standard time line for state implementation of such policies, and administrative due process. A plan for policy resolution and dissemination procedures should be in place eighteen months prior to the due date of the 1983 plan.

4. The Secretaries of Education, and Health and Human Services should sort out the responsibilities of the various Federal agencies and provide a mechanism which holds those agencies accountable for the provision and maintenance of those services for which they have been normally responsible. Federal interagency agreements

among all agencies funding state-level programs serving handicapped children should be developed, publicized and made clear to all states. This Federal interagency agreement should be initiated and monitored by the Assistant Secretary for Special Education and Rehabilitative Services. In addition, the Secretaries of Education, and Health and Human Services should examine human services legislation, including Titles XIX and XX of the Social Security Act, Section 504 of the Vocational Rehabilitation Act, and medicaid legislation to ensure a consistency of laws, regulations and policies with those of P.L. 94-142. Federal laws intended to serve the same population often conflict and cause handicapped children to be shifted among systems for fiscal reasons. Legislation must be developed which more clearly defines rehabilitation, treatment, maintenance, and which would assign specific related services, such as physical and occupational therapy, residential treatment and mental health to specific agencies.

5. P.L. 94-142 should be amended to simplify required due process procedures. These procedures should be more easily understood by low-income and minority families. These procedures should also be revised to recognize state practices conforming to the intent of the law that existed before P.L. 94-142.

6. Part D, Training and Personnel for the Education of the Handicapped, of P.L. 94-142 allocation procedures should be amended to allow funds to be allocated directly to the states. These funds would be administered by the education agency, which has responsibilites for administration and implementation of all personnel preparation activities concerning the handicapped within the State, for projects which meet state plan priorities and objectives. This is the only way to alleviate inefficient and conflicting use of Federal dollars and assure, as required by Federal regulations, that the states are providing a coordinated and comprehensive system of personnel development.

VII. VOCATIONAL EDUCATION ACT OF 1963

The Vocational Education Act of 1963 as amended in 1976 is scheduled to expire on September 30, 1982. Congress and the Administration will be considering recommendations for the 1982 reauthorization legislation in the coming months. We have undertaken a thorough review of the current vocational education legislation and offer the following discussion which includes A. General

Principles and Guidelines, B. Program Structure and C. General Administrative Provisions. Sections B and C are each followed by recommendations for legislative action.

A. General Principles and Guidelines

First, we note that the impact of the changing demographic and economic conditions of the 1980's should provide the stimulus for a major overhaul in the Vocational Education Act legislation. As the nation sets about the process of reindustrialization and is faced with a technological revolution, a skilled work force is one of the basic elements in increased productivity and economic revitalization. The delivery system in place for vocational education has a responsibility to assist in the development and improvement of the work force, both in terms of increasing national productivity and the productivity of the individual in terms of his or her potential. The current vocational education legislation is oriented almost exclusively to social purposes in terms of how money is allocated to various purposes and how funds must be distributed to eligible recipients. The present legislation does not allow states to adequately address state or national needs for economic development and revitalization. We feel that the development of human resources to assist the nation in undertaking a reindustrialization effort should be a major thrust of the new legislation.

Secondly, since the overriding purpose of vocational education is to provide education for employment, any new legislation should be structured to provide a more effective linkage between vocational education and the world of work. In addition to providing training for entry-level jobs, vocational education can help people already in jobs to upgrade their skills so that they may move up the job ladder to fill higher-level jobs. This helps in meeting the needs of both the individual, and business and industry. To this end, the legislation must be expanded to encourage states to develop programs linked with occupational education. Vocational education must address the reality of basic learning skills in terms of both entry into vocational education programs and mobility within the job market. As greater numbers of students with inadequate basic skills enter vocational education programs, we are forced increasingly to have remedial basic reading, writing and computation as preparation for both practical arts and vocational education.

Thirdly, in restructuring the vocational education legislation, Congress must provide states with the flexibility they require to develop programs appropriate to meeting the needs particular to each state.

Although the Federal government has the responsibility to be a policy leader, it should not be involved in the state administration of the vocational education program. Its prime responsibility should be to evaluate a state's performance in accomplishing its goals. As Federal support for vocational education has increased in terms of current but not constant dollars, the legislation and program regulations have become more prescriptive, to the extent of mandating Federal requirements on the expenditure of state and local funds for vocational education. Such requirements upon state and local agencies have become excessive and counterproductive in reaching the national goals for vocational education for which the legislation was intended. The new legislation must recognize that responsibility for providing public education constitutionally and traditionally has rested with the states and their local jurisdictions. Due to the vast diversity of structures, resources, and needs among the states and territories, flexibility must be given in the administration of their vocational education programs.

Finally, any revision of the legislation should take place within a framework of the following broad goals:

—Strengthening of the national and state economies;

—Meeting of the needs of target groups in the most economically depressed areas (both urban and rural), in areas where emergency action is warranted to cope with crises which have an economic impact (e.g., Cuban or Indo-Chinese resettlement), and in areas where the needs of the educationally disadvantaged are disproportionately high;

—Providing equality of opportunity for participation in quality employment-related education programs regardless of sex, race, color, national origin, age, physical or mental handicap, limited English-speaking ability, or geographic location;

—Coordinating vocational education programs with presently existing delivery systems providing services to the groups described above such as CETA, Rehabilitation Act of 1973, Education for All Handicapped Children Act of 1975, and ECIA Chapter 1;

—Assisting the unemployed and underemployed obtain necessary knowledge and skills to fill existing or emerging employment needs;

—Maintaining a ready response capability for strengthening national defense; and

—Provision of adequate resources to ensure that the needs described above are addressed.

B. Program Structure

The following issues must be addressed in the development of a new program structure for the vocational education legislation.

Flexibility in the Allocation and Distribution of Funds

The prescriptive nature of the law and regulations with the mandatory "set-asides" for various purposes and population groups has left states with little flexibility to decide how to allocate funds to most effectively address their specific economic needs. In addition, the requirements in the law and regulations on how funds must be distributed among the eligible recipients has severely restricted states in terms of focusing resources on their most needy agencies. The variety of factors that the law and regulations require have not been found to be effective indicators of economic need. Combining these factors into a viable distribution system has been problematic, causing confusion at both the state and Federal levels. This has caused states to modify their distribution systems in such a way that agencies really needing the resources have not received funding at a level that is necessary to meet those needs. As a result, in some cases, the comprehensive delivery systems that the previous vocational education law challenged states to develop are being undermined. The programs of many agencies have been disrupted and hardships for some agencies have resulted. The National Institute of Education report entitled "The Vocational Education Study: The Interim Report" documents many of the problems within the current requirements for the distribution of Vocational Education Act (VEA) funds.

Due to the vast diversity of local, regional and State socioeconomic systems, the imposition of one common funding procedure in the VEA to govern the flow of Federal funds has proven to be a failure in the 1976 Amendments. Some states have equalization formulas and have had problems incorporating VEA funds into their system because of the way funds must be distributed. Many states have categorical aid for vocational education with a set of criteria for distributing funds that may be reflective of the economic needs of the state but may conflict with the criteria for the distribution of VEA funds. Finally, states have different delivery systems in place for vocational education and different economic problems that these delivery systems are designed to address. For example, many of the southern states are in an expansion mode while many of the northern states are trying to maintain their economic base.

We feel that states must be afforded the prerogative of defining their own criteria for the distribution of funds among local agencies in terms of manpower needs, and thereby assure that adequate funds are directed to areas where there is the greatest manpower need and where the funds will have the greatest impact. In addition, states should be allowed some flexibility in the allocation of funds among the various program purposes so that funds can be focused by each state on its most critical areas of need.

Meeting the Needs of the Economy

As indicated previously, the current legislation does not give states the flexibility to respond to the needs of the economy. We feel there is a need to strengthen the formal delivery system for vocational education to make it more responsive to manpower needs. For example, we are faced with the paradox of high unemployment and vacancies in skilled and technical jobs. The shortage of skilled workers is creating a problem for business and industry in their efforts at reindustrialization. It is critical that states have adequate resources to meet the nation's economic needs so that we can remain competitive in the world economy. States and local agencies must be given the flexibility so that new programs can be developed and existing programs expanded and retooled to meet emerging manpower needs.

In addition to strengthening the formal delivery system for vocational training, there is a need to provide greater emphasis in the legislation for short-term training programs to meet the needs of out-of-school youth and adults, and the needs of business and industry. As the nation undertakes reindustrialization, work will become more technical, requiring a higher level of skills and technical knowledge. Some individuals will need short-term training to upgrade their skills to be able to continue to function in their positions. Others such as the displaced homemakers or those who have been displaced from their jobs because of new technologies or relocation of business and industry, will need retraining to be able to continue to compete in the job market. In addition to the need of adults for retraining and upgrading of their job skills, there will continue to be a need for vocational training and training in life skills and basic skills for the disadvantaged, unemployed youth and adults.

Business and industry also need access to short-term and long-term training to support the growth of the economy and to help in adjusting to new technologies. Many of the small businesses do not have the resources to provide in-house training. They must rely on

formal education and training institutions for training for their current employees or their prospective employees.

Focusing Resources on Disadvantaged Areas

The needs of economically depressed areas, both urban and rural, and areas of high educational disadvantagement are critical and must be specifically addressed in the new legislation. Although the current legislation requires that economically depressed areas be one of the priorities for the distribution of VEA funds and includes Subpart 4, Special Programs for the Disadvantaged, the prescriptive requirements of the law and regulations which accompany these sections do not allow states to effectively address the needs of these areas.

The Regents believe efforts need to be focused on the economically depressed areas and areas of high educational disadvantagement to assure that these areas are not left behind in the reindustrialization effort. At the same time the program to address the various needs of these areas must be comprehensive. In many New York State urban areas facilities are old and in need of rehabilitation and upgrading. Unemployment is high, especially for disadvantaged youth. Both the in-school and out-of-school youth and adult populations are in need of basic skills and life skills training as well as vocational skills training. An increased emphasis should be placed on the development of the basic educational skills as a part of prevocational training in coordination with other Federal, state, and local programs for basic skills. Improved vocational guidance and counseling services must also be developed. Guidance and counseling services are a particularly critical problem in the large urban areas where large cutbacks in Federal and local funds have caused guidance and counseling programs to be severely curtailed.

The new vocational education legislation should assist states in focusing resources on a limited number of agencies with the most severe problems so that a comprehensive program can be mounted to address the above needs.

Providing State Leadership for Program Improvement

The present legislation under Subpart 3, Program Improvement and Supportive Services, has provided resources in New York State to conduct various innovative activities. The development of programs in which occupational education is used as a motivational factor in the teaching of basic skills is one of those activities. Others include the reexamination of the occupational education curriculum to assure its relevancy to the concerns of business and industry and

what will be required to function in the 1980's; the strengthening of the skills of teachers and program managers; of a comprehensive instructional management system for occupational education.

The activities eligible for funding under the current Subpart 3 program should be continued and should be funded at an adequate level. In addition, there are other areas critical to program improvement that are not currently eligible and should be added. These include planning, evaluation, and data collection and dissemination. These activities assist in strengthening the overall delivery system and are integral to the goals of program improvement in terms of meeting the economic needs of the state and the nation.

Responding to the Nation's Equity Goals

The Vocational Education Amendments of 1976 set in place a myriad of statutory provisions to provide equality of opportunity for handicapped persons, the disadvantaged, limited English-speaking persons, women, and displaced homemakers. Although the NIE study as well as other assessments is not yet complete, it has become apparent that the congressional objective to provide accommodation to such a broad array of "special" populations may not have been fully realized. The failure may be a result both of an inadequate Federal investment to accomplish such worthy goals and requirements that force "slicing the pie" so thinly that the fragmentation finds no discrete groups benefiting fully. The overriding goal for the special population groups is to mainstream individuals, where possible, into regular vocational education programs. Set-asides, however, force agencies in many cases to use a "pull-out" model since the provision of supplementary services or excess costs must be demonstrated. This approach, combined with the small amounts of moneys available, has done little to alleviate the problem. Moreover, the cumulative effect of the set-asides, minimum percentages, excess cost requirements and affirmative action requirements have become increasingly difficult for states to effectively administer.

We agree that special efforts need to be put forth for special population groups. However, rather than having separate programs for each of the special groups by ascribing specific set-asides, a more effective and equitable approach would be to focus the limited resources on establishing effective state technical assistance and monitoring systems. Such systems must assure that equality of opportunity in vocational education programs is being afforded and that the required supportive services are being provided so that individuals in the special population groups remain in vocational training programs.

Recommendations:

In light of the issues discussed above we make the following recommendations for the program structure of the reauthorized legislation:

1. *States must be given flexibility in the allocation of funds among the various program components.* A maximum of 65 percent of the funds authorized should be allocated by statute to specific program components. Thirty-five percent of the funds authorized should be left to each state to allocate to the program components which would address their most critical needs.
2. Each state should be afforded the prerogative of defining its own criteria for the distribution of Federal vocational education funds among the eligible recipients in the state based on employment needs. The state would first determine how the distribution of Federal funds will most cost-effectively address the mismatch between supply and demand for the work force, plus provide manpower for the emerging needs of business and industry. It would then tailor a funding distribution procedure to assure that funds are directed to areas with the greatest manpower need and the most likelihood of success given the resources available at the state and local level.
3. The reauthorized legislation should include the following four program components:

Part A, Economy Needs Grants

This part would be divided into two subparts directed at making vocational education a major component of economic development and revitalization.

Subpart 1 — Strengthening the Formal Delivery System

Part A, Subpart 1 would provide authority to establish new programs of vocational education, or to expand, improve or retool existing programs leading to a diploma, two-year degree or certificate where there is evidence of manpower needs. Eligible recipients would include local educational agencies, postsecondary institutions and area vocational centers.

All programs, services and activities currently authorized under the Subpart 2 Basic Grant section of the law would be included in the scope of this Part. In addition, any of the six activities currently authorized under Subpart 3, Program Improvement and Support Services, which would directly benefit the local recipient would be

authorized under this Part. An eligible recipient would be permitted to submit an application to the state for a research, curriculum or exemplary project, an in-service teacher training activity, guidance and counseling programs, or even a project to promote access for special populations as long as the proposed projects or activities were designed to benefit the students in the recipient's service area. Finally, Subpart 5 programs of consumer and homemaking education would be eligible for funding under this part as would prevocational programs and activities of recognized student organizations which are an integral part of the vocational instruction offered, supervised by qualified vocational education personnel and available to all students in the instructional program.

Subpart 2 — Meeting Short-Term Training Needs

Part A, Subpart 2 would provide authority to establish new programs of vocational education, or to expand, improve or retool existing programs for adults and out-of-school youth where there is evidence of manpower need. In addition, funds under Subpart 2 may also be used to maintain existing programs where there is evidence of manpower needs. The broad range of activities permitted under Subpart 1 would also apply to Subpart 2. However, there should be an emphasis on the increasing need of adults and out-of-school youth, and business/industry for short-term training. With the increasing rate of change in society, retraining and upgrading of skills at all levels will be necessary.

Part B, Targeting Grants

We recommend that a percentage of the funds available to a state be allocated through targeting grants to (1) the most economically depressed areas of the state, both urban and rural or (2) areas of the state where educational disadvantagement as measured by the state is disproportionately high. In addition, a state may use a designated portion of Part B funds in any given year for use in communities where emergency action is warranted to cope with crisis situations having an economic impact.

Targeting grant funds could be used to either establish new programs of vocational education (including expansion and retooling) or to maintain existing programs. An emphasis would also be placed on both construction of new facilities and capital investments for remodeling and modernization of existing facilities in depressed areas in order to provide quality vocational education where it is sorely needed. The scope of authorized activities would be consonant with

the broad range of programs, services and activities described in Part A, Economy Needs Grants.

It should be noted that the targeting grant funds are not directed at providing only supplementary services. If there is a large disadvantaged population or high concentration of limited English-speaking persons, funds can be used for the total vocational education program in an agency.

The purpose of the targeting grants is to concentrate resources on high need areas for the development and operation of both short-term and long-term training programs for youth and adults. To this end the vocational education legislation must ensure coordination with other programs, agencies and institutions which also have responsibilities in these areas. More specifically, it is in these areas of high economic or educational disadvantagement where youth unemployment is at its highest. A coordinated effort must be put forth to address this problem. In addition, the legislation must ensure that states have the *flexibility* to distribute targeting grant funds based on the specific needs within each state. The factors in the current legislation have not been successful in targeting funds to high need areas. If states are again forced to use specific criteria, agencies with critical needs not necessarily associated with these factors, such as facilities or equipment in need of rehabilitation and upgrading, may have those needs go unaddressed.

Part C, Statewide Program Improvement

Part C would authorize the expenditure of a minimum percentage of a state's allotment for state-level program improvement, including planning, research, evaluation, demonstration, curriculum development, preservice and in-service training, data collection and exemplary and innovative projects. The legislation should not dictate how states must organize to carry out these activities. Flexibility should be provided to allow the state agency to conduct an activity itself or enter into cooperative agreements with public and private nonprofit and for-profit organizations to carry out the activity.

Part D, Equity in Access

Part D, Equity in Access, would provide funds to states to monitor and provide technical assistance to agencies to assure that special population groups are not being discriminated against in the provision of services and to assist them in actively pursuing the goals of equality of opportunity. Each state would be required to develop processes for monitoring and providing technical assistance. These

processes should incorporate requirements of states under the Office of Civil Rights antidiscrimination statutes and regulations and would become part of the three-year program plan as described in the General Provisions section under Planning and Accountability Requirements. Specific linkages should be established where they do not currently exist between occupational education and other Federal programs serving special population groups. Such programs may include ESEA Title I, Bilingual Education, Education for the Handicapped and the Rehabilitation Act. Coordination would ensure that needed basic skills and life skills training occurs in conjunction with vocational skills training. There should also be coordination with the Part B, Targeting Grant title which would also focus resources for vocational education programs in areas having high concentrations of educationally disadvantaged and/or limited English-speaking persons.

Although we are recommending that the legislation not prescribe that a certain percentage of the funds be set aside for establishing programs for all the special population groups, state agencies are not precluded from allocating funds for these groups from all parts of the Vocational Education Act if it is determined that doing so would provide a more effective way of meeting the overall needs of the state for vocational education programs.

4. We recommend that the reauthorized legislation include as eligible recipients local education agencies, area vocational centers, and public and private nonprofit postsecondary educational institutions. The legislation should attempt to build on the delivery systems that are currently in place and therefore not add to the number of eligible recipients that are in the current legislation. However, we support the continuation of that section of the law which permits vocational education under contract with private for profit vocational training institutions when they can provide equipment or services not available in public institutions. Vocational education under contract should also be permitted with community based organizations whose programs have been approved by the responsible state education agency.

5. We recommend that of the funds allotted to a state, an amount equal to the proportion of postsecondary vocational enrollment or 20 percent, whichever is greater, be used for programs at the postsecondary level for all programs described above. As indicated in previous sections of the paper, the needs for vocational education in the 80's, as our nation undertakes reindustrialization, will be increasing. In meeting the needs listed above, a coordinated approach to the delivery of services by all the various agencies involved in providing

vocational education training must be developed. We believe that postsecondary agencies must be an integral part of this approach.

C. General Administrative Provisions

Allotment Among States

It is essential to note that the formula for the distribution of funds to the states is in need of revision and update. In Section III of this document, we have provided a lengthy discussion of the issues in this regard, and offer recommendations for legislative action.

State Governance

The present law contains provisions requiring any state desiring to participate in VEA programs to designate or establish a state board or agency which shall be the sole state agency responsible for the administration or for the supervision of the administration of VEA programs. Some states in which separate boards exist for vocational education, elementary and secondary education, and higher education have had problems in the implementation of this provision. In some cases, although a sole state agency has been designated, the agency is not responsible for all levels of vocational education. This has led to duplication of effort in some instances, and gaps in the delivery system in others.

Changes in the law which would make one state board responsible for only vocational education at all levels have been proposed. These changes may improve coordination across vocational programs in some states. They would not, however, foster coordination between vocational education and other delivery systems serving the same populations such as the Elementary and Secondary Education Act, Education for All Handicapped Children Act, and the Higher Education Act. They also would be disruptive in those states which currently have good mechanisms for coordination in place.

State Advisory Councils

The current legislation contains a requirement for representation of 20 membership groupings on the State Advisory Council for Vocational Education (SACVE). We view this requirement as overly prescriptive. The Regents have placed an emphasis on making the system for vocational education in New York State responsive to the needs of business and industry. We do not feel that the current membership requirements allow us to do this.

In addition to prescriptive membership requirements the current legislation also includes for the SACVE two functions that duplicate responsibility of the State Board. The first of these functions is the evaluation of all vocational programs, services and activities assisted under the Vocational Education Act. Not only does this responsibility duplicate the State Board's evaluation function, but it also delegates to the SACVE an administrative function which is difficult to carry out with limited staff resources and which is inconsistent with its advisory role.

The second function listed for the SACVE which needs to be revised is the responsibility for the "identification, after consultation with the State Employment Training Council, of the vocational education and employment and training needs of the State and assessment of the extent to which . . . programs assisted under this and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs." This function also overlaps the State Board's responsibility for assessment of needs for job skills within the State and is not a realistic charge, given the small size of SACVE staffs and their other numerous duties.

Local Advisory Councils

The creation in the 1976 Amendments of the local advisory council has failed to provide an effective linkage with the CETA prime sponsor and the local private industry council in carrying out its statutory responsibility to advise on current job needs and on the relevancy of individual courses offered by an agency. The current legislative requirement for local advisory councils provides no mechanism for these councils to work cooperatively within an employment or economic region of a state. In many cases there is a redundancy in the responsibilities of the local advisory council for vocational education with the responsibilities of advisory councils required under other legislation. In other cases, agencies that do not apply for Federal funds are not required by Federal legislation to have local advisory councils and may therefore not have their interests represented on any council. Agencies serving secondary, postsecondary, and adult levels could unknowingly duplicate program services or compete for the same populations in meeting employment needs.

Planning, Evaluation and Accountability Requirements

Planning. The prescriptive requirements in the 1976 VEA amendments governing the development of the five-year plan, the annual

plan and the accountability report were intended by Congress to result in improved state-level administration of the vocational education program. It is questionable whether the current legal framework, with the enormous reporting requirements on employment opportunities, employment needs, funding levels, enrollments and program needs has achieved the congressional objective. Furthermore, there is some doubt as to whether the existing legal structure, with the attendant "checklists" used by the U.S. Department of Education, has substantially transformed the state plan from a compliance document to a useful planning instrument.

The Vocational Education Data System. The most critical burden resulting from the 1976 Amendments is that imposed by the Vocational Education Data System. The VEDS requires states to report enrollment and followup information for vocational education programs by race, sex, handicapping condition and disadvantagement, at 6 digit instructional program specificity. The numerous flaws in the VEDS endeavor, from the time the National Center for Education Statistics (NCES) began implementing it in 1976, have been well documented and there is tangible evidence that many states cannot comply with all of the reporting requirements. Use of the data required under VEDS in providing information on compliance with civil rights provisions concerning program accessibility has been given as a justification for the reporting burden. VEDS was believed to have value to Federal agencies such as the Office for Civil Rights and to nongovernmental special interest groups in this regard. However, state-level aggregate data, even as detailed as VEDS prescribes, cannot be used to assess minority group or special populations' access to occupational programs. Instances of program inaccessibility, either *de jure* or *de facto*, cannot be identified by assessing state-level information. This can only be determined by assessing practices at the local level.

States are already required to submit very comprehensive MOA's (methods of administration) concerning their plans to monitor local education agency compliance with civil rights statutes concerning program accessibility. The corresponding VEDS reporting requirements are costly redundancies. The only purpose they serve is to provide overall trend data which could be accomplished through a less pervasive data collection system.

Evaluation. States have been required by Federal rules and regulations to evaluate the quality of all programs offered that are supported by Federal, state, or local funds within a five-year time frame. In New York State only about 30 percent of the approximately 900 eligible public recipients would apply for and receive

Vocational Education Act funds over this period of time. The Federal funds received by these educational agencies would represent a small proportion of the total funds spent by this group in support of their vocational education programs.

In addition, a project proposal system is used by New York State in providing grants to those eligible recipients who receive Federal funds under the Vocational Education Act. The educational agency, as part of that system, must describe how the Federal funds will be used and describe how they will evaluate the effectiveness of the grant in meeting the objectives to be achieved. The evaluation report by the grant agency is a required element in the funding process before final payments are made. For the limited number of agencies receiving Vocational Education Act funding, the evaluation system imposes a total program evaluation as well as a specific evaluation for those grants that are received.

Hundreds of small and medium-size eligible recipients either do not apply for Federal funds or do not receive them because of the limited Federal dollars available and the priorities in the distribution formula. These agencies, however, are required by the Federal Vocational Education Act and the Federal rules and regulations to participate in data collection systems, vocational education planning, and the five-year evaluations of all vocational education programs.

We feel that those Federal rules and regulations infringe on the states' constitutional responsibility for education. Where minimum or no Federal funds are involved in an agency's vocational education program the effectiveness and quality concerns should reside at the state and local levels.

Fiscal Requirements

A serious legal question exists with the requirement in the current law stipulating that all state and local dollars used for matching and maintenance of effort purposes are subject to the conditions of the Act and regulations. We question the legal authority for imposing this restriction and firmly recommend its elimination. We are aware of no other state-administered education program which requires all state and local funds to be subject to the same conditions as Federal funds. We strongly object to this intrusion into state's authority and responsibility.

In terms of the matching and maintenance of effort requirements themselves, we feel that the dollar-for-dollar matching requirement is unnecessary. There is a substantial overmatch of state and local funds to the limited Federal contribution. It is doubtful that the elimination of this requirement would result in any decrease in state

and local expenditures. We feel, however, that the maintenance of effort requirement should be continued along with the provision which allows for a waiver at both the state and local levels in the event of unusual or unforeseen financial circumstances which are outside the control of the agency.

In terms of funding cycles, the fact that VEA is forward funded, with a fiscal year that begins in July, and CETA is on current year funding, with a fiscal year that begins in October, currently works against joint planning. At a minimum the funding cycles for the two programs should be synchronized in July.

Finally, states are currently subject to complex and time-consuming procedures under state and Federal contract regulations. It is proposed that they be allowed to rely on a different type of legal instrument, a cooperative agreement, which may eliminate many of the rigid requirements under procurement law. Cooperative agreements are essentially a hybrid between contracts and grants. In the Federal Grant and Cooperative Agreement Act of 1977 (P.L. 95-224), Congress established standards for cooperative agreements. In accordance with this law, the principal purpose of a cooperative agreement is to transfer funds to another entity to (1) accomplish an activity authorized by the legislation, and (2) to anticipate substantial involvement between the transferor and the recipient during the performance of the contemplated activity.

However, contracts for the operation of education and training programs should continue to be used in the case of any institution, agency, or organization which is not duly licensed by the appropriate state agency to operate such programs within the state.

Recommendations:

Allocation Among States and National Programs

1. The Regents recommend that the reauthorized legislation continue to provide support for programs of national significance, for the National Occupational Information Coordinating Committee (NOICC) and for programs for the Native American populations at the current levels. Recommendations for distribution of funds among states is included in Section III of this document.

2. The Regents maintain that the sole state agency concept is the most effective way to develop consistent policy directions within a state and to encourage comprehensive planning for vocational education. Composition of the State Board should be determined by each state. We recognize that some states have had governance problems

in implementing the sole state agency requirement in existing legislation. We urge that any revision of the legislation designed to address these problems be consistent with state law, and provide for an accommodation for those states such as New York which have a comprehensive governance structure already in place.

State Advisory Councils

3. The State Advisory Council for Vocational Education (SACVE) should assist the State Board in the development of mechanisms for planning and evaluating programs at both the state and local levels and monitor the implementation of such mechanisms.

4. The SACVE should advise the State Board on the identification of needs and should also evaluate the State Board's report on the extent to which needs were met.

5. The reauthorized legislation should include the authority for the SACVE to conduct independent program-performance evaluation studies when it deems them necessary.

6. The 20 membership grouping described in the law for the State Advisory Council are overly prescriptive. The appropriate appointing authority in the state should determine the requisite number of members under the following general guidelines:

50%—representives of business, industry and labor
25%—representatives of education
25%—representatives of the general public and advocacy groups

The appointing authority should assure that the SACVE has an appropriate representation of both sexes, racial and ethnic minorities, and the various geographic regions of the state. In addition, in order to foster the linkage with CETA, the SACVE should have representation from the state and local Private Industry Councils and the State Employment Training Council.

Local Advisory Councils

7. The current legislative requirements governing the creation and operation of the local advisory council must be revised. We propose that regional advisory councils within the state be established in lieu of, or in addition to, each agency having a local advisory council. The regional advisory council should be designed on a concept similar to the private industry council. The members would be appointed jointly by the prime sponsor (for as long as CETA remains in effect) and local education agencies and postsec-

ondary institutions (located within the service area of the prime sponsor or Balance of State sponsor) to carry out the functions presently performed by the CETA council, the private industry council, the CETA youth council, the business, labor, industry education council, and the separate local advisory council for vocational education. This council would be required to advise the eligible recipients or the local advisory councils within its geographical area on the content of the local application, including industry/labor demands and manpower needs. In addition, the regional council could be required to review and comment on the local applications prior to their submission to the State. The requirement for a regional advisory council would provide a structure for the exchange and use of employment information for effective regional planning, and for more effective program funding decisions (regardless of the source of funds) for agencies that presently do not have local advisory councils as well as those that already do and wish to maintain that structure at the local level.

Another mechanism related to the regional advisory council is the establishment of a common data base of planning information such as that now provided through SOICC (State Occupational Information Coordination Committee) and the Department of Labor.

Planning, Evaluation and Accountability Requirements

8. In order to simplify the process, to reduce the unnecessary paperwork, and at the same time to develop a useful planning document which would improve the administration of vocational education in the state, we propose legislation calling for a three-year state plan, consistent with the current Education Division General Administrative Regulations (EDGAR) requirements. The content of the state plan would incorporate the functions provided under our proposed program structure.

9. We recommend that the requirement that states evaluate the quality of all vocational education programs offered that are supported by Federal, state, or local funds within a five-year time frame be eliminated. The evaluation of vocational education programs for their quality and effectiveness is an ongoing state concern and in particular a local and regional accountability priority within the state. The Federal interest in the effective use of that level's funds is protected with funding priorities and limitations as well as evaluation reports on grants awarded to local agencies. Where minimum or no Federal funds are involved in an agency's vocational education program, the effectiveness and quality concerns should reside at

those levels where program financial support is being furnished—the state and local levels.

10. An annual narrative report should be required which would set forth a comparison of actual accomplishments to the goals and objectives established in the state plan. The annual report would also contain the summaries of evaluations of those programs receiving *Federal* funds, but only on a sampling basis. Fiscal data on expenditures, which is now part of the annual program plan, would be unnecessary since most of this information is available in the annual report submitted by the State in accordance with section 100b.720 of the Education Division General Administrative Regulations.

11. The Vocational Education Data System (VEDS) reporting requirements on enrollment and follow-up information by race, sex, handicapping condition and disadvantagement at 6-digit instructional program specificity should be eliminated. Any new legislation reporting requirements should be far less detailed in nature and designed to provide relevant supply and demand information to the state for planning and monitoring purposes.

To the extent that information is needed to provide a national picture of the effectiveness of vocational education, it would be more appropriate to conduct longitudinal studies using effective sampling techniques. The talents of the National Institute of Education could be used to design studies to obtain accurate measures of the delivery of vocational education programs and their resultant impact.

In order to effectively carry out its technical assistance and *monitoring* responsibilities under the Part D, Equity in Access, the states should put in place a data collection system which would facilitate on-site reviews of school districts and thereby assure that *progress* is being made to promote access. It is recommended that fairly general data be collected by race, sex and handicap which would assist the state in the identification of the problem and would allow the state to place its technical assistance resources where the most acute problems exist.

Fiscal Requirements

12. The requirement subjecting state and local funds for matching and maintenance of effort to the same conditions imposed by the Federal legislation for Federal funds should be eliminated.

13. The present dollar-for-dollar matching requirement should be eliminated.

14. The maintenance of effort requirement should be continued. The U.S. Secretary of Education should be authorized to waive the

state maintenance of fiscal effort in the event of unusual or unforeseen financial circumstances beyond the control of the sole state agency. Similar authorization should be granted to the state for the same provision of a waiver of a local agency.

15. We recommend that the Federal share of the costs incurred to develop and carry out the state plan for vocational education be 50 percent of state and local administrative expenses up to a ceiling of 1½ percent of total state and local operating costs to conduct the vocational program. (Staff for technical assistance and monitoring for equity and staff necessary for data collection, planning, evaluation, and research would be included under separate Titles.)

16. States should be allowed to use cooperative agreements in place of the contracts now required which would eliminate rigid requirements under procurement law. However, contracts for the operation of education and training programs should continue to be used in the case of any institution, agency, or organization which is not duly licensed by the appropriate state agency to operate such programs within the state.

VIII. YOUTH EMPLOYMENT

The 1980's will be a period of economic uncertainty. Fluctuations are expected in both the national and international economies. Anticipated economic growth may be counteracted by actions taken to combat inflation. With increased pressures on primary and secondary labor markets, unemployment and underemployment of youth will be important issues in this decade.

Recent figures indicate that a quarter of a million young people in New York State, ages 16 through 24, were unemployed, representing an official unemployment rate of 14.5 percent. The New York City jobless rate for youth recently reached 34 percent. For black and Hispanic youth the rate was nearly 50 percent. Overall, unemployment among 16–24 year olds accounted for nearly half of the State's unemployment. Another 194,000 youth were not working or seeking employment, not in school or in the military, not part of a household, and not disabled or institutionalized. They constitute a group of discouraged people who do not figure into official unemployment statistics. Even within the group of employed youth, there are thousands whose work experience is occasional and often menial.

A series of these jobs provides only limited opportunities for a meaningful entry-level job.

The underlying causes of youth unemployment are complex, frequently entwining supply and demand factors. While offering different perspectives on the youth labor problem, the demand and supply interpretations are not mutually exclusive and, in fact, portray different aspects of this problem.

Research suggests that youth unemployment is basically the result of demand factors, i.e., the failure of the economy to expand sufficiently to absorb youth into the labor force; the changing demands of a post-industrial labor market which is now service-oriented, technical and white-collar; and the existing imbalance between the location and types of available employment and the location and qualifications of youth. Discrimination on the basis of age, race, ethnicity and sex, and rapid growth in the number of older women and undocumented alien workers competing with youth for jobs are additional factors related to youth joblessness. In rural areas youth joblessness also results from demand factors, especially the failure of the economy to expand.

Analysis of supply factors focuses on the employability skills of individuals: lack of educational competencies, poor motivation, inadequate labor market information, lack of credible work experience or training. Traditionally these concerns have been the responsibility of schools. But the student's motivation and opportunity to succeed in school is hindered by deteriorating conditions in our inner cities, i.e., increasing crime rates and the public fear of violence, decline in the quality of public services, movement of jobs out of the inner-city to suburban locations and the flight of whites and middle-class blacks from the inner-city public school system.

Although demand forces are the major determinant of youth unemployment, problems related to youth employability are also important components. Just as the number of jobs available to young people must be increased, so must their employability skills so they may obtain, hold and advance in jobs. Solving the youth employment problem requires addressing both demand and supply factors, because they are complementary. Any solution will require a comprehensive economic strategy comprising educational and employment factors as inseparable components.

Present Federal initiatives have failed to assure coordination between education and employment. Where programs do provide some linkage opportunities, Federal funding has not reflected the enormity of the task. Federal funding for remedial general education (secondary and postsecondary), vocational education, high school

equivalency, and adult basic education is inadequate, given the magnitude of the problems.

Just as national policy in postsecondary education is moving toward access for all who aspire, so too should a youth employment policy mean financing and coordinating resources so that every young person who wants to work acquires the prerequisities — basic cognitive skills, task readiness skills, appropriate job-related training, information about career choices, and assistance in the job search.

Schools have a fundamental responsibility for providing such education, training and support services to people who need them, whether in school or out of school. As integral components of the local community, schools are in a position to be aware of local needs and to provide programs to meet those needs. Schools should take the initiative in the delivery of those services in a comprehensive manner by directly providing some of the services and by promoting coordination with other institutions and agencies within the community which provide similar services.

Currently, a spectrum of education and training services are being provided by social service agencies, community based organizations, business and industry and by units of local government. Schools should seek out these service providers and engage in partnerships with them. This will enhance the school's own programs by creating a cooperative system in which each member of the partnership is able to contribute its own special expertise in providing comprehensive services to youth.

Individual programs separately developed and separately administered will not solve the problems. A comprehensive strategy must be developed to influence all factors that affect the labor market: tax structure; income transfers such as welfare and unemployment insurance; support services such as transportation and child care; apprenticeship and vocational education; primary, secondary, and higher education programs; the employment service; manpower programs; and other public and private training and work experience programs. These programs are neither separate nor separable in their influence on the labor market and, hence, on youth employment.

The framework for such integration must involve a simultaneous three-pronged approach. Federal action is needed which would (1) increase the number of jobs available to youth, (2) develop youth's employability skills and (3) improve support and transition services to bring youth into contact with jobs and programs.

The Regents have tested this framework by consulting with hundreds of local practitioners in New York State on the kinds of action that are needed to address adequately the many issues involved in youth unemployment. A series of six invitational conferences was held recently throughout the State involving teachers and school administrators, local CETA personnel, business and industry, specialists in youth services, parents, local and state government officials, and many others concerned with youth issues.

Three basic findings have emerged from these conferences:

- Participants overwhelmingly agreed on the need for a comprehensive and coordinated local approach to youth education and employment: the delivery system must be cost-effective and efficient; participants in the system must be identified and their relationships strengthened; and barriers to such a system must be overcome.
- The involvement of business and industry in youth issues was considered crucial. A major concern was that incentives be available for business and industry to develop in the State and thereby strengthen the economy, and also for the business and industry sector to target job opportunities for youth.
- Considerable emphasis was placed on the need to upgrade basic skills of in-school and out-of-school youth and adults while concomitantly reducing the number of dropouts from the educational system, and improving career education opportunities for these groups. The need to provide services at an earlier age than is now the case was considered an essential component of these approaches.

New Federal directions are needed for effective linkages among school districts, educational institutions, community organizations, the business/industrial sector and major agencies with responsibilities for youth employment. Cost-effective delivery of education and skill training to youth could be enhanced by a new working relationship among Federal and state agencies, with key roles to state education departments.

Recommendations:

The Regents urge the administration and Congress to develop a comprehensive Federal policy which addresses the education and employment needs of youth in three complementary areas: promoting economic expansion, improving employability skills and strengthening support and transition services. Federal efforts to coordinate a coherent comprehensive approach to youth unemployment should also be undertaken.

The following guidelines should be used to develop this Federal youth policy:

1. One cause of youth unemployment is a general shortage of jobs, resulting from a loss of existing jobs or from a lack of growth of existing firms. To improve and increase employment opportunities in a community, major attention must be given to economic expansion.

Specific efforts must be undertaken to create jobs targeted for youth, especially those most-in-need, and to involve the private sector in the process, perhaps through Federal sponsorship of youth-operated businesses and creation of a national youth service corps. Youth-operated business would permit young people to gain "real world" experience. The youth service corps would provide participants with credible work experience and an opportunity to make meaningful contributions to the local community.

2. Education and training programs teach youth the skills they need to perform on the job. Employability skills include basic skills such as reading, communications and computation; readiness skills to adapt to requirements of the work place; and job skills needed to perform specific tasks. Such programs should be available to in-school and out-of-school youth and be provided through a partnership of educational agencies, social service agencies, libraries, community-based organizations and CETA prime sponsors.

3. Many youth experience difficulties in making the transition from school to employment. Disadvantaged youth often require support services to overcome employment barriers and become familiar with educational services designed to increase their employability. These youth are the hardest to place and the least likely to remain employed. Only when extensive outreach and community development have been undertaken do the most-in-need, out-of-school youth benefit from support services.

All youth should have access to information about local employment opportunities and job outlook, education and training programs, and human services within a community. These would include educational, career and personal advisement, skills assessment, referral to educational/training programs and social services, job placement and follow-up. With Federal support, educational agencies could pull together education, training, and support services from a variety of agencies to meet the immediate needs of youth. Serving as multi-service centers, schools would be easily accessible points of entry, or reentry, into the education/training system or into the labor force for youth, particularly the disadvantaged and the unemployed.

4. Accountability for services delivered to in-school youth, or for any experience leading to recognized credentials should be ensured through assessment systems in place in the educational system. Such systems encompass academic, programmatic, and management/fiscal accountability.

5. Statewide delivery of education and skill training should be carried out through a working partnership of Federal and state agencies, with state education departments in the key role.

The Federal government has a key role to play in the development of an overall policy direction to meet the manpower needs of this country. The combined initiatives of occupational education, the Comprehensive Employment and Training Act (CETA), and youth employment programs serve as the supporting foundations on which to build the structure of a national employment policy. With the advent of reduced levels of funding for all programs, it is particularly crucial at this point in time to coordinate and direct Federal funds towards a common objective.

Congress has plainly expressed its commitment to job training and employment opportunities for the economically disadvantaged unemployed and underemployed, and expressed concern that such programs achieve "maximum feasible coordination" of activities. Greater coordination between CETA and vocational ecucation systems could constitute a process by which neither program will lose its separate identity, but each can augment the other's strengths through the continued development of interorganizational linkages which will yield benefits to parent systems of coordinating agencies, to the agencies themselves, and most significantly, to the persons they serve.

IX. COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA)

Overview of Current CETA Legislation

The Comprehensive Employment and Training Act (CETA) consolidated several Federal programs offering occupational training and employment services for disadvantaged persons. Its overall goal is to create a decentralized system of services, planned and operated by local governments and states. Local control of planning and local program accountability are key elements of the legislation.

The programmatic aims of CETA have been twofold: 1) to provide training opportunities geared both to market demands and to the specific needs of disadvantaged persons; and 2) to provide employ-

ment of last resort for those who are as yet unprepared to compete in the job market and for those who are temporarily out of work during periods of high national unemployment. Recent budget cuts have diminished the employment aspect through the rescission of CETA Titles II-D (Public Service Employment) and VI (Countercyclical Employment). Presently, CETA is primarily a training-for-employment program.

The major recipients of CETA funds are the prime sponsors within the State, cities and counties which have populations of 100,000 or more. There are 31 prime sponsors in New York State; 30 are cities or counties and one, Balance of State (BOS), is constituted by the remaining 31 counties which do not meet the population requirement. The Governor's designate, the Department of Labor, is the manager of BOS. In this capacity, the State acts as trustee of the funds for counties included in the BOS.

Title II, Comprehensive Employment and Training Services, is the core of CETA. Title II programs include training, occupational upgrading and retraining, education, and supplemental services such as job development, placement, health services, transportation and child care. Specifically, the purpose of the title is:

> . . . to establish programs to provide comprehensive employment and training services . . . in order to ease barriers to labor force participation encountered by economically disadvantaged persons to enable such persons to secure and retain employment at their maximum capacity, and to enhance the potential for individuals to increase their earned income. (CETA §201)

The allocation of Title II funds follows the legislative intent of CETA to decentralize employment and training programs. As of fiscal year 1982, 89.5 percent of all monies available flow directly from the Federal government to local prime sponsors bypassing any action by state governments, except in the case where the state operates as the Balance-of-State prime sponsor. These basic grants are distributed among prime sponsors based on a formula incorporating the size of the previous fiscal year allocation and the number of unemployed and disadvantaged persons residing in prime sponsor areas relative to national figures. Local prime sponsors are directly accountable to the U.S. Department of Labor for the management of basic grant programs.

Besides Title II and some administrative provisions (Titles I and V), CETA encompasses a mix of other programs, including:

Special Federal Responsibilities (Title III) — The programs under this title address the employment-related needs of persons who face

particular disadvantages in the labor market or occupations. Title III is part of the Secretary's discretionary allocation.

Youth Programs (Title IV) — The programs under this title address the methods of dealing with the structural unemployment problems of the Nation's youth. Title IV monies have suffered severe cutbacks under the Reagan administration.

Countercyclical Public Service Employment Program (Title VI) — As previously mentioned, the public employment aspect of CETA has been eliminated by the Reagan administration.

Private Sector Opportunities for the Economically Disadvantaged (Title VII) — The purpose of this title is to increase business community involvement in employment and training activities and to increase private sector employment opportunities for unemployed or underemployed people. This is the only CETA program that has been increased by the Reagan administration.

Young Adult Conservation Corps (Title VIII) — The purpose of this title is to provide employment and other benefits to youth through a period of service during which they engage in conservation work. Title VIII monies have suffered serious cutbacks under the Reagan administration and it is expected to be phased out totally by April, 1982.

Special Grants to Governors

The remaining 10.5 percent under Title II and a small percentage under Title IV, Youth Employment Demonstration Programs, are earmarked to each state for the planning and management of special services on a statewide basis. This portion is the "Special Grants to Governors." These funds, awarded to Governors, are discretionary in the sense that there is no mandatory allocation formula, although the law does mandate broad purposes for which the funds are to be used. Since Special Grants are discretionary monies to the Governor, they may be used as incentives to promote state policies in local areas.

Special Grants to Governors consists of the following five separate, but related, grant programs:

1. *State Employment and Training Council (SETC)*

   A percentage of funds available under Title II A, B and C is earmarked to support the State Employment and Training Council activities, including staff. Section 110 of the CETA law delineates the membership categories that comprise the council. It also lists the activities the council shall undertake. They are: conduct program reviews; reviews; review prime sponsor

plans; identify the employment and training and vocational education needs of the state; evaluate the effectiveness of the state's employment and training services; comment on the report and annual plan of the state's advisory council on vocational education, and assist in developing the Governor's "coordination and special services plan."

2. *State Coordination and Special Services (SCSS)*

   A percentage of funds available under Title A, B and C goes to the Governor for the Governor's Coordination and Special Services. Section 105 lists twelve activities for which this money can be spent. Important items included in the list are: coordinate employment and training, education and related services provided by all service providers within the state; assure that local plans avoid duplication; promote prime sponsor planning which takes into account prevailing labor market conditions; provide information and technical assistance in program development to prime sponsors; fund model projects, and exchange information between states and prime sponsors with respect to state, interstate and regional planning.

3. *Education Linkages and Coordination (EL)*

   A percentage of funds available under Title II A, B, and C monies is allocated to promote coordination between prime sponsors, educational institutions, and training agencies. Specific activities to be funded under Section 202(d), include establishing linkages and providing direct services to participants which are delivered jointly by educational institutions, employment and training agencies and prime sponsors.

4. *Youth Employment and Training Program (YETP)*

   In addition to the Title II Special Grants, the Governor also receives funds under CETA Title IV funds for special statewide youth services as listed in Section 433(c), entitled Youth Employment and Training Program. The list includes: financial assistance for youth under state supervision; providing labor market information to prime sponsors and educational agencies; joint efforts between state and local institutions in offering occupational training and career guidance; expanded experimental job training within the private sector; and others.

5. *Supplemental Vocational Educational Assistance (SVEA)*

   A percentage of Title II A, B and C monies fund the Supplemental Vocational Education Assistance Program. According to Section 204, the purpose of this program is:

". . . to provide financial assistance, through state vocational education boards, to provide needed vocational education services in areas served by prime sponsors, in accordance with an agreement between the state vocational education board and the prime sponsor."

Current Education Department Role in CETA

The Supplemental Vocational Education Assistance (SVEA) grant provides for the State Vocational Education Board to participate in the development of projects to be funded under the grant. In New York State the Board of Regents is the State Vocational Education Board. It is the grantee of SVEA funds that are managed by the State Education Department as the administrative arm of the Regents. The Education Department works closely with vocational education training agencies, colleges, universities and with prime sponsors to develop education and training projects, which meet locally determined needs. These services include: assistance to prime sponsors in developing their service delivery plans, development of training projects and services, review of CETA training agency education plans and budgets, review of payment to local educational agencies for contracted educational services and of required records and development of linkage and demonstration programs.

Federal Role in Employment and Training

The Regents believe that the problems of unemployment and the disadvantaged addressed by CETA are national in scope, and that national solutions are required. This is particularly true in regard to labor markets and migration patterns. The purpose of employment and training policy must be to assure successful labor market participation. If markets functioned ideally, there would be no structural unemployment. Workers rendered jobless by the decline of an industry would move into another occupation for which foresight had allowed them to prepare in advance. But markets do not operate in this way. Markets are not determined by any one state or region, but are national in scope. Workers may be laid off in New York, Ohio and California, for example, when there are downward trends in car buying, whereas new options may open in Colorado or Texas. States that are ports-of-entry, like New York and Florida, share a special burden because they receive waves of immigrants, many of whom are unskilled and must be trained to meet the challenges of a technological society.

An appropriate federal role should be to provide assistance to those most-in-need so that they may acquire the necessary skills to gain and retain employment. Federal programs must provide the necessary leadership to the states to address the employment needs of its citizens, which cross state and regional boundaries. In addition, Federal public investments must be made to promote the creation of jobs generally, as well as jobs available to unemployed youth, in order that employable persons actually do get jobs.

At the present time, however, the federal government is not assuming its leadership role in setting directions for employment and training. For example, while the Economic Recovery Tax Act of 1981 provided for substantial federal incentive for investments in plans and equipment, it did not provide for a comparable investment in human capital. Without such an investment in human capital, it will be difficult for the nation to sustain long-range economic growth. In another case, the present Federal administration rescinded the Public Service Employment funds (CETA II-D and VI) but did not reinvest those savings to strengthen the training-for-employment portion of CETA; rather, it also reduced training funds substantially.

The Regents support a comprehensive Federal approach to issues that are national in scope affecting unemployed persons, especially in areas that are undergoing a process of out-migration of industry and trained personnel causing decreased economic growth. CETA represents one such approach. However, during the nine years of CETA's operation, experience shows that it has been flawed in several aspects, and its role would be enhanced if specific changes are made.

Basic Skills

Most persons who are referred to CETA for services under Title II have severe deficiencies in basic skills and life or task-readiness skills, as well as vocational skills. Many have few or no means to support themselves through training periods. Currently, CETA focuses primarily on developing vocational skills that presume the existence of basic skills and the readiness of individuals to get a job, perform in it successfully and retain it. Participation in CETA programs is limited to twenty-four months with most programs operating for less than a year. Present CETA training policy serves adequately those whose critical need is the mastering of specific occupational skills, but misses the most-in-need, especially youth who have dropped out of school and have significant deficiencies in basic skills as well as in job readiness skills. Federal training policy

should be broadened to emphasize basic skills in addition to vocational training so that the true needs of all the unemployed may be met equitably.

"Creaming"

CETA measures effectiveness on the basis of cost per placement and job placement rates. This creates a disincentive for CETA training agencies to invest in long-term candidates who may need prevocational, vocational and job-readiness training. In encourages training agencies to serve predominantly individuals with the highest success potential, tending to foreclose many CETA training programs to the most-in-need. It should be acknowledged that different persons have widely differing needs, and that placement costs vary enormously — and legitimately so — depending on those needs. Federal legislation should encourage prime sponsors to evaluate their programs on a "value added" basis as well as on cost per placement and job placement rates. It should also encourage the use of Federal funds as incentives to tie other services and funds together towards a more cost effective, coordinated delivery system.

Services to Youth

By any reckoning, youth suffer the greatest unemployment impact of all age groups. Disadvantaged youth in urban ghettos and isolated rural areas throughout the nation make up the bottom of the employment ladder. They are also in need of the most assistance in order to approach true employability and secure stable employment. CETA, or its successor employment and training legislation, should target youth as recipients of job-oriented educational services, especially basic skills training. Targeting resources and services on youth will also yield, in the long run, the best return on investment by way of decreased welfare support costs, improved productivity and an increased tax base.

Management and Coordination

Unemployed, disadvantaged individuals have a variety of needs which contribute to their inability to compete in the job market. These include basic literacy, computational, language, and job readiness skills. The lack of these skills, necessary for the exploration of employment options, as well as a broad range of other related needs must be met before these people can benefit from education, training or employment opportunities. Resources to meet these needs are dispersed among a variety of local agencies and organizations

with little sharing, joint planning, or referrals. As a result, those who are most-in-need have not been able to benefit from services that exist within a community. In order to address the differing needs which may afflict the same individual, a comprehensive multi-service approach should be advanced locally. Individualized intake, assessment, referral and placement services must be offered in a one-stop process. Greater coordination and cooperation must be promoted among local service providers and between such providers and business and industry. Schools must be singled out as key components of this system. Finally, Federal legislation should promote greater state leadership, especially by state educational agencies, to provide coordinated training and placement services throughout different market areas within and among states.

Linkages to Business and Industry

For training to be truly effective, it must meet the needs of business and industry by assuring that persons are available with the right kind of skills. Educational systems need the participation of business and industry to guide training in appropriate directions. That may be achieved through many different ways, but all require the joint participation of managers and educators in identifying needs and specific curricula. New federal training policies should also encourage training programs designed specifically to meet the immediate workforce needs of business and industry. Occupational and pre-occupational programs to meet these needs must be supported as part of regional promotional packages made available to specific establishments seeking to start operations in zones that have suffered economic erosion.

Recommendations

1. Services to in-school and out-of-school youth must be supported by CETA or its successor legislation. Training for employment needs to be coordinated with the educational system's career education programs. Business and industry must be engaged in providing training opportunities and eventual employment for youth. Local educational agencies, institutions of higher education, and community based organizations need to develop jointly alternative education programs for youth. Employment and training funds could also be used to establish the creation of a national youth service corps.

2. Employment and training legislation should emphasize basic skills. Employers agree that workers need grounding in the basic

skills of reading, mathematics and writing literacy, and in some cases computer literacy, as well as task readiness and other skills related to the work ethic. Preventive as well as remedial measures must be provided for both youth and adult workers. These measures would include strengthening the teaching of basic skills within the local education agencies, and encouraging local government, community based organizations and institutions of higher education to support alternative education programs in basic skills.

3. CETA should emphasize long term career patterns for participants. This would require that an individualized education plan be developed for participants assessing their abilities and skills for placement in training and job opportunities. As participants continue their education, they would receive academic credit for their work which would be "banked" and useable for a certificate, diploma, degree, or a wage increase. Such incentives would provide a generation of continual learners who would be upwardly mobile given the economic conditions of the day.

4. The quality of training programs must be assured. This can be accomplished by certifying agencies that provide training programs for employment, identifying the skills and behaviors required for employment areas, and ensuring that they are included in the training curriculum. A competency-based evaluation system could be created which encourages task mastery and job retention. This quality control effort should extend to alternative education programs, basic skills, life skills, and remediation programs, regardless of who offers them.

5. CETA must provide for coordinated delivery of training and employment services to those in need of such services. The emphasis is on a unified approach directed toward an individual receiving services. This requires that such activities as intake, assessment, referral to education and training programs and placement in jobs be performed by the same agency in order to foster one-stop service to participants. A unified delivery of state and local welfare subsidies, health, counseling and related human services should be developed. This comprehensive delivery system would provide information and assistance to individuals on employment opportunities, education and training programs and human services within a community.

6. States must play a major role in the allocation of funds and in the planning and coordination of statewide programs. Such measures would strengthen training and employment programming throughout the state and promote its coordination with economic development. Further, these measures would more easily be coordinated with educational block grants and student assistance programs.

7. Forward funding in conjunction with multiple year planning options for employment and training programs are essential for the elimination of cash flow problems and instability. Stable funding levels and consistent administrative procedures are required to create a dependable fiscal accounting system.

8. Education, training and employment programs must be complemented by programs that provide incentives or funds to promote the creation of jobs as part of the nation's and a state's economic cycles. The assurance of private sector jobs for youth should be an overriding public policy priority.

X. LIBRARY AND CULTURAL SERVICES

The ability of citizens to make decisions on matters which affect their lives and communities is essential in a free society. Good decisions are based on good information. For all of our citizens, information is power. This may mean the ability to make intelligent decisions on government issues, to locate appropriate services, to deal with a rapidly changing environment, and to take control of one's life through education.

They enable many people to become more self sufficient and productive. They contribute significantly to the economy by providing information and research services needed by business and industry.

Because information of all types is critical to the collective and individual success of Americans, a national policy is required to make it easily accessible to all of us. Our library systems must become statewide, regional and community information systems. For maximum impact, library programs must be linked with programs of public broadcasting, and with preservation and education efforts carried out by archives, historical societies, and museums. The Federal government should provide comprehensive assistance to libraries and cultural institutions to assure public awareness, free access and nationwide literacy. In carrying out this national purpose, state and local control must be relied upon to preserve the values and community bases of such agencies, particularly public libraries.

The New York State Library System

In New York State, the sharing of library services is formalized under laws dating to 1950. The State's experience with 30 years of networking has brought substantial benefits to meeting library needs. The New York State Education Department has developed comprehensive five-year programs for improvement of library ser-

vices in the State for some time. They serve as a touchstone for the continuing planning, development and evaluation of library services in New York. In the face of limited resources and greater demands for expanded services, greater emphasis has been placed on joint planning efforts.

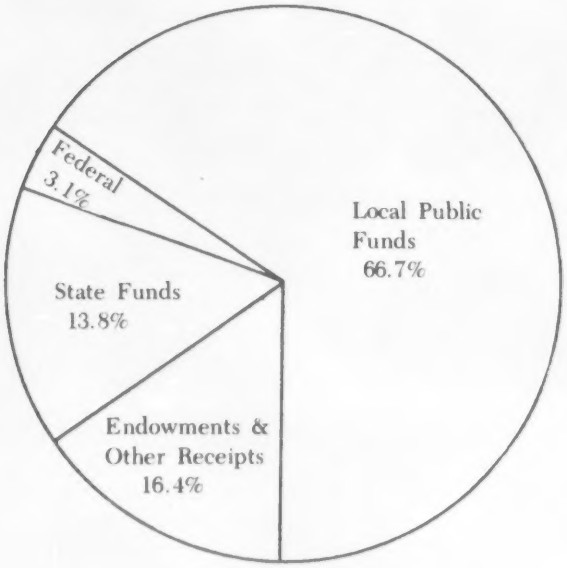
The New York interlibrary loan service uses computer and teletype connections to link the 22 public library systems, 9 reference and research library systems, and 12 major research libraries. This service gives access to the total resources of the library system to all potential users. Further, within public library systems, cooperative acquisition and processing of books saves library staff time and money. Collaborative book selection meetings avoid unnecessary duplication of book purchases and provide an opportunity for exchange of ideas on services as well as books. Shared consultant services are provided by all 22 systems to assist member libraries. Specialists in children's books, fiscal management, public relations and book preservation and conservation, offer workshops and individual counseling, conduct conferences and distribute newsletters to keep library personnel informed of the system's activities. It is important to note that member libraries remain autonomous within the system. The final decision in all matters affecting member libraries is made by the librarians and governing trustees themselves.

Three major programs provide most of the Federal assistance to libraries in New York State: The Library Services and Construction Act (LSCA), Title II of the Higher Education Act, and Title V-B of the Elementary and Secondary Education Act.

Library Services and Construction Act (LSCA)

The Library Services and Construction Act has been the principle base of Federal support for libraries for 25 years. Public libraries in New York State have received approximately $63 million under this program since 1957. While amendments to the Act over the past few years have fostered the extension of service to rural areas, strengthening of urban resource libraries, creation of job and education information centers, and initiation of statewide resource-sharing networks under Titles I and III, a major overhaul of the existing legislation is necessary to keep pace with the explosive growth in information technology during the past decade.

NEW YORK STATE
PUBLIC LIBRARY INCOME — 1980



In November 1979, the White House Conference on Library and Information Services, sponsored by the National Commission on Libraries and Information Science, brought together interested citizens and professionals to review national library needs for the remainder of the century. This conference, the product of a 15-year effort, and its resultant final report has set an agenda and direction for library and information services for the next two decades by providing recommendations for a comprehensive national library and information services act. The Regents are highly encouraged by the strong focus on support for library networking and long-range planning contained in the Conference recommendations.

The Regents support the concept of a new national library and information services act based upon resolutions adopted by the White House Conference and ensuing discussion, and upon a review of LSCA to retain those provisions which are still relevant to current library needs. New legislation should consider library and information services in coordination with those of museums, archives and historical records agencies, literacy programs, college and university libraries, and school libraries. The nature of information services is

such that no single library can meet the needs of its users independently. Library service needs, economic realities, and rapidly developing technologies suggest continued efforts toward integration of services and resources through national, statewide, regional, and community resource sharing. Networking among libraries, including school libraries, and library systems should be emphasized. The role and experiences of the states in planning and administering such networks must be central.

New legislation to support networking should finance technological change to deliver information most effectively, particularly to such special constituencies as the handicapped. Federal assistance should be provided for technologies, such as computer terminals, reading machines for the blind, and other aids for the handicapped, as well as for conversion of existing catalogs and collections to computer data bases. The sharing of information, particularly scientific information, with other nations is an exciting application of technology which should be considered in designing a new authority. Federal assistance is required not only for new technologies, but also for renovation and replacement of existing facilities to reach goals of access, particularly for the disabled and for those not currently using systems, and making library structures energy-efficient.

Advances in technology, library programs, and services have changed the role of library and information services professionals. Additional high-quality training and retraining programs are needed to develop skills necessary for handling new information technologies and serving special constituent groups. Federal assistance should be provided to states for a career incentive and reward system to encourage continuing education for professionals. Linkages with CETA programs and youth employment programs should be part of any new authority. Such linkages not only will provide valuable employment opportunities, but also will enhance the attractiveness of library and information services for new constituencies.

A new national library and information services act should provide continuing support for public library services, strengthen networks and interlibrary cooperation, and provide funding to encourage the use of new technology. The act should include:

1. Development and maintenance of bibliographic access, communications, and delivery systems within each state (including multistate and national links) to facilitate sharing of library resources;
2. Development and maintenance of mechanisms for providing access to resources and financial assistance for collection, maintenance and development of major network resource li-

braries identified in the state plan, including major urban resource libraries and major academic libraries;

3. Development and maintenance of mechanisms for providing access to resources in privately funded library collections including, when necessary, reimbursement for heavily used collections;
4. Demonstration, establishment, development, and maintenance of intrastate multitype library systems, where appropriate, including financial assistance for such systems based upon the state network development plan, adopted standards and formula;
5. Participation in multistate library networks when such participation is the most feasible mechanism for sharing resources and services;
6. Participation in national and international library networks when such participation is the most feasible mechanism for sharing resources and services;
7. Adaptation of cost-effective technologies to support services and resource sharing, including acquisition of hardware such as computer terminals, rapid copy transmission and microformat equipment for libraries participating in resource sharing;
8. Strengthening of the state library agency in library development including: consultation with all public and private nonprofit libraries; provision of statewide and regional, multistate and national networks; provision of continuing education and training staff and trustees;
9. Development and maintenance of library services designed to meet the special needs of such persons as the blind and physically handicapped, persons confined in mental and general hospitals, correctional facilities, and other publicly supported institutions; children and adults who are economically, educationally, or otherwise disadvantaged; developmentally disabled persons; and persons whose first language is other than English;
10. Programs in which library services are linked to the educational, cultural, and information programs of: public agencies (e.g., Social Security Administration, and Departments of Labor and Commerce); public radio and television broadcasting; museums, arts groups; literacy programs and services of formal and informal continuing adult education; archives and historical agencies; schools and community colleges; counselling centers and information and referral programs; and other public and private agencies;

11. Comprehensive programs of public information and instruction in use of library and information resources, involving all types of libraries, educational institutions, and voluntary groups; and
12. Construction, but particularly acquisition, remodeling, expansion and retrofitting of public libraries as needed for adequate public library services, and for access by handicapped persons; for conservation of energy; and for meeting occupational, health and safety standards.

Museums

Museums, like universities, libraries and archives, are reservoirs of knowledge and transmitters of that knowledge to society. In addition to the statewide responsibility of The University of the State of New York and the State Education Department for the encouragement and improvement of museums across the State, the Department operates the State Museum in Albany, the largest state museum in the United States.

There are more than 500 museums in New York State. Last year, attendance approached 30 million. Our museums employ more than 15,000 people, 5,200 full time. Their combined budgets exceed 100 million dollars. In spite of energy and cost problems during the 1970's, in the aggregate, museums received more visitors to their exhibits, increasing numbers of students in their education program and steadily rising demands for the use of museum facilities for concerts, meeting places, and other activities. Further, during the 1970's, there was a growing pressure on museums to carry on research programs, to find the means and resources to conserve collections, to organize computer systems to handle collection data, and to train staff and to organize more traveling exhibits and to extend services beyond the walls of the museum. It is difficult to identify a significant type of museum activity which has not been strained and which will not continue in strong demand during the 1980's.

Ten years ago, the American Association of Museums, in response to a request from the Federal government for advice on the status and needs of museums, published the Belmont Report, which proved to be a successful vehicle for focusing the attention of the Federal government on the museums of the nation. The Report became a broad guideline for Federal action regarding museums through the 1970's. Specific results of the report were the funding of the National Museum Act to its present level and, most important, the establishment of the Institute of Museum Services and the acceptance of the principle that the Federal government should pro-

vide, through the Institute, general operating support for museums in addition to the project support available from the National Endowment for the Arts, National Endowment for the Humanities, and the National Science Foundation. The Regents believe that providing linkages between museum and library and other cultural program services will enable museums to benefit from approaches such as networking and long-range planning being undertaken in these areas.

Medical Library Assistance Act

Access to health information on a timely basis is an essential and urgent concern of both health professionals and citizens. Since 1965, the Medical Library Assistance Act has provided for rapid communications systems, local resource development, document delivery and interlibrary loan, and computerized reference services through the regional medical library program. New York and New Jersey constitute one of eleven such regions in the nation. Chapter 718 of the *Laws of 1981* provides for an integrated health information services program. This includes authorization for standards for hospital libraries, funds for linking the Federal regional medical library program with the New York State Interlibrary Loan (NYSILL) Network, grants for improvement of libraries in rural hospitals, and pilot services in public libraries. Continuing support of the Federal network is essential for maintenance of this partnership.

Postal Rates

The fourth class library rate of the U.S. Postal Service is used by libraries, schools, colleges and universities, museums, and educational and other nonprofit organizations to mail books, journals, films and other educational materials. Libraries send materials through the mail to the homebound, handicapped, elderly, those in rural areas who are not near public libraries, and to people who do not have access to transportaton. The mail also helps libraries of all kinds—school, academic, public and special—to share their resources through interlibrary loan.

The State Library, a central distribution point for official New York State publications, uses the mails to ship documents to libraries and individuals. The New York State Interlibrary Loan Network (NYSILL), public library systems, and other libraries, use the mails for interlibrary loan, books-by-mail, and delivery of films and other AV materials.

The Regents support continuation of the special postal rates for books and library materials and recommend that sufficient funds be appropriated to continue the subsidized rate projected in the phased rate schedules adopted by the Board of Governors of the U.S. Postal Service in September 1981.

Author Donations to Libraries

Prior to the Tax Reform Act of 1969, an author or artist who donated his or her literary, musical or artistic compositions or papers to a library or museum could take a tax deduction equal to the fair market value of the items. Since 1969, such deductions have been limited to the cost of the materials used to produce the composition. As a result, donations of manuscripts and papers to libraries have dwindled drastically, reducing the research resources of the nation's libraries, and increasing the likelihood that these materials will be dispersed or lost to future scholars.

Telecommunications Act

Consideration is being given by Congress to broad revisions of the telecommunications legislation. The use of new computer technology in libraries, networking and resource sharing, all require extensive communications systems. In its review of this legislation, Congress should provide preferential rates for libraries on the same principle of the public good that preferential rates are provided for postal service.

Public Television and Radio

The Regents believe the new technologies of cable and direct satellite reception, and commercial networks of cultural programming offer many opportunities to New York's public television and radio stations, and its viewers and listeners. Community public television and radio has demonstrated its educational, cultural and informative value through the quality of its programming, its community service and the confidence expressed by its 428,000 members who contributed $12,515,000 in 1979 to New York's stations. Weekly television audience for New York's nine public television stations has grown from 500,000 in 1965 to 8 million in 1979. Over 450,000 school children in New York State receive instructional television programs each week via their public television station.

As new technologies and commercial experiments are experienced, the Regents believe the following principles should guide Federal policy:

1. community control over broadcast programming;
2. commitment to the instructional uses of the media for child and adult;
3. recognition of local, state and Federal investment, and
4. freedom of access to educational, cultural and instructional programming for all economic groups of Americans.

National Historical Publications and Records Commission (NHPRC)

The National Historical Publications Commission was established in 1934 to assist the publication of papers of prominent Americans. In 1974, Congress added the word "Records" to the Commission's title and authorized it to make grants to state and local governments and to nonprofit institutions for projects to gather, arrange, describe, preserve, and make available historical records. New York's educational, historical and cultural institutions, and students and researchers have benefitted significantly from the NHPRC program. Publication grants have permitted cultural and educational institutions to publish the papers to prominent New Yorkers thus increasing their research use, including grants to Columbia University for the Alexander Hamilton Papers and the John Jay Papers, to the New York Historical Society for the Aaron Burr Papers, to the Buffalo and Erie County Historical Societies for the Millard Fillmore Papers, and to Cornell University for the Lafayette Papers.

Records grants to New York institutions have totalled over $800,000 since the records program began here in 1976. A great variety of projects have been supported. The New York Botanical Garden and the New York Zoological Society received a joint grant to arrange and describe their scientific and biological research records. The YIVO Institute for Jewish Research has undertaken a project to identify and preserve the records of New York's "Landsmanshaftn," organizations which helped Jewish immigrants make the transition to their new life in America. Records of several prominent pioneer figures in the field of dance are being arranged and preserved through a grant to the New York Public Library's Dance Collection at Lincoln Center. A number of arrangement and preservation projects and several records conservation workshops have been sponsored in other areas of the state.

The NHPRC has funded the initial phases of a statewide historical records survey and description project by Cornell University which will serve as a model for survey projects in other parts of the nation. The largest Commission grant to date, for $155,344, was made to the State Education Department for administration of a statewide local government archives program at the direction of the State His-

torical Records Advisory Board. This program furnishes start-up funding and State Archives assistance for establishment of approximately twelve municipal archives programs across the state. These, in turn, will serve as models for establishment of other local government archives programs in the future. The New York Local Government Archives Program is itself a model for new Commission proposals to encourage states to create plans and establish clear priorities for Commission grants.

The Regents encourage this program to ensure the preservation of our documentary heritage and urge that the Commission's mandate be extended and broadened. Appropriations for Commission activities, which have remained at $4 million since 1974 despite the fact that the records responsibilities were added to the Commission's mandate at that time, should be significantly increased to permit more grants in accordance with state plans.

Recommendations:

1. Continued funding of the Federal Library Services and Construction Act until such time as a new national library and information services act, as described above, is enacted.

2. Support for Title II, Public Library Construction. No new funds have been appropriated under this Title since 1973, even though the LSCA amendments of 1977 (P.L. 95-123) allowed provision of handicapped access and remodeling for energy conservation under permissible uses of Title II funds.

3. Maintenance of fourth class book and library materials postal rates and appropriation of funds sufficient to maintain the phased rate schedule adopted by the Board of Governors of the U.S. Postal Service in September 1981.

4. Enactment of Federal telecommunications rates which will facilitate the sharing of resources and information between libraries, educational institutions and nonprofit agencies.

5. The Regents recognize that improvements in the provision of library services and the development of more sophisticated information technologies are seriously hampered if the public does not have the tools necessary to make the most effective use of the ever-increasing services offered. In order to provide the greatest access possible so that all our citizens may benefit, the Regents recommend at this time that instruction in the use of library materials and services be provided for all elementary and secondary students, and that such instruction be considered a basic skill.

6. The Regents recommend that Institute of Museum Services appropriations be continued and expanded to meet the operating expenses of museums for preservation and conservation, research and education, and that museums continue to be eligible for National Endowment for the Humanities funding. The National Endowment and the National Science Foundation public programs for museum support should be expanded to reflect inflating costs.

7. The Regents support adequate funding for the Medical Library Assistance Act to ensure continuation of document delivery services and coordination.

8. The Regents support legislation which would restore a tax incentive for authors and artists to donate their creative works to libraries and museums.

9. The Regents recommend that the Federal government continue to express a strong commitment to community public television and radio, and to encourage collaborative program purchases and development of special programming in adult learning and instructional television.

10. The Regents support adequate funding to maintain and expand the activities of the National Historical Publications and Records Commission, to include: increased records grants in accordance with state plans; training activities and educational programs (including institutes, publications, fellowships and other appropriate projects); and development of a nationwide data base with information on historical records.

XI. SPECIAL CONCERNS IN ELEMENTARY, SECONDARY AND POSTSECONDARY EDUCATION PROGRAMS

As the discussion at the beginning of this document concerning regional demographic and economic shifts illustrates, the past decade has wrought important changes for American citizens in all areas of life, including rapid and complex societal and technological advances. Recent studies issued by two Presidential Commissions have emphasized three areas—math, science and foreign language—in which training background and competitive edge have deteriorated alarmingly, seriously impairing the country's present and future abilities to cope with such advances in both a national and international context.

Foreign Languages and International Studies

The decline in language proficiency in recent years comes at a time of increasing interdependence among nations in both the public and private sectors. The decreased emphasis placed on knowledge of foreign language and culture in recent years can have an adverse effect on the United States in: our ability to remain cognizant of international, scientific and technological developments; the effectiveness of our foreign policy as demonstrated by our diplomatic and intelligence-gathering efforts; the capability of the public to fully understand world events so that official policies will reflect the concerns and interests of the American people; and the improvement of mutual understanding among different ethnic groups and cultures within American society.

International economic and military instability inextricably link the United States with the fortunes of other countries, making the coming decade one of the most challenging. At a time when American citizens need a broader and more sophisticated understanding of the world, school systems have steadily decreased their emphasis on language training and international affairs curricula. In 1966, 34 percent of colleges required entering students to have a background in a foreign language. Today, only eight percent do, reflecting a dramatic drop in foreign language and cultural instruction on the elementary and secondary level. Of the total enrollment of foreign language studies students, less than one percent are engaged in studying those languages—Chinese, Japanese, Arabic and Russian—which comprise 80 percent of the spoken languages of the world population.

Congress has begun to provide the encouragement and assistance needed by school and university systems to upgrade teaching, curriculum and standards in foreign language and international studies. The Regents support movement toward rectifying weaknesses pointed out in these areas and implementation of recommendations made by the President's Commission on Foreign Language and International Studies.

In particular, we support the concepts embodied in the new Title VI of the reauthorized Higher Education Act (P.L. 96–374); the proposed National Security and Economic Growth Through Foreign Language Improvement Act, H.R. 3234, introduced in the House of Representatives in April 1981 and legislation providing comprehensive assistance for international education in elementary and secondary schools.

Title VI of the Higher Education Act Extension and Revision of 1980, entitled "International Education Program," replaces and im-

proves Title VI of the National Defense Education Act of 1958. The new Title VI retains provisions authorizing grants to postsecondary institutions for foreign language and international studies centers, and also creates a new Part B authorizing Federal support for international education and training programs for international trade and business, promoting linkages between institutions of higher education and the American business community. In the face of a continuing decline in the study of foreign languages and cultures at all levels, more relevant courses stressing conversation, career awareness and other practical skills must be developed.

The new Title VI also contains a new Part N, International Understanding, which incorporates Section 603 (Grant Program to Promote Cultural Understanding) of the National Defense Education Act. Authorized in 1976, this program was the first to provide Federal funding in the form of grants and contracts to promote broad linkages among all aspects of international education, and attempt to create a network of continuous educational programming through all levels of schooling. Although it is included in higher education legislation, Part N provides funding for international education activities in elementary, secondary, adult and continuing education programs, as well as those at the postsecondary level, particularly for in-service teacher training and workshop activity.

Taken as a whole, Title VI presently provides the cornerstone for Federal assistance in international education by providing support for graduate and undergraduate foreign language and area studies, fellowships, research, summer intensive language programs, and outreach programs which utilize the resources of the university to assist other higher education institutions, elementary and secondary educational agencies and the business community.

H.R. 3234, the National Security and Economic Growth Through Foreign Language Improvement Act, has been reported from the full House Education and Labor Committee. The bill is designed to enhance U.S. national security and our competition in international markets by encouraging the study of foreign languages. At the elementary and secondary levels, the bill provides for competitive grants among the states for funding of model foreign language programs run by local school districts. At the postsecondary level, the bill provides to institutions grants based on enrollments, for assistance in paying the costs associated with foreign language instruction at the institution. The Regents support the concept and general direction of such Federal assistance. The funds will stimulate local interest in initiating model foreign language study beyond the two year level.

In November 1979, the President's Commission on Foreign Language and International Studies set its agenda for greater emphasis on precollegiate international education in its report entitled "Strength Through Wisdom: A Critique of U.S. Capability." We strongly urge that comprehensive legislation be introduced to implement remedies for the Commission's findings, including assistance for state agency direction and coordination of international and foreign language programs; for professional development of teachers, coordinators, department heads, and administrators in schools; for experimental interdisciplinary programs, particularly between social studies and foreign languages; for rural, poor or small schools and districts; for instruction in the less commonly taught (but most commonly spoken) of the world's languages; for technical support; for status surveys and information gathering on language and international education; and for promoting the international exchanges of persons, performing arts and exhibits.

While the Federal government should not establish education curriculum, the Regents believe that the Federal government has a responsibility for pointing out certain national needs and supporting state and local programs to meet those needs. Although education is a constitutional prerogative of the states, foreign policy and international affairs are responsibilities of the Federal government. Such legislation as the recently enacted Higher Education Act, Title VI, and those measures proposed above are education programs uniquely in the national interest.

Recommendations:

1. The Regents urge that Title VI of the reauthorized Higher Education Act be funded, and that Part B in particular receive full support.
2. We urge passage of comprehensive legislation in carrying out the Presidential Commission's recommendations for international education, and suggest that ESEA Title III, Part N, be used as the foundation for such a legislative program.
3. In conjunction with the above, we support passage of H.R. 3234, the National Security and Economic Growth Through Foreign Language Improvement Act.

Math and Science

While specific Federal government support for science and math education was initiated with the creation of the National Science Foundation (NSF) in 1950, the real impetus for establishing funding

programs came in October 1957 with the U.S.S.R. launching of Sputnik. Public concern over that Soviet achievement brought about a substantial budget increase for NSF science education programs as well as passage of the National Defense Education Act (NDEA) of 1958. NDEA, Title III, authorized funding to local school districts through state education agencies for the remodeling of facilities and purchase of equipment and modern teaching aids for math and science. Other titles of NDEA also provided fellowships and loan forgiveness percentages for postsecondary students studying and teaching in those fields.

In the late 1960's, however, the focus of attention moved away from math and science throughout all levels of schooling. Successfully putting a man on the moon in 1969 seemed to have convinced many that United States supremacy in science and technology was comfortably insurmountable, and the nation turned to other social goals, notably the provision in the 1970's of equal access to education for the disadvantaged. Concern over the quality of education programs and consistent decline in test scores brought about a "back to basics" movement which focused on simple computations in mathematics. Concurrently, real-dollar Federal investment in research and development, and particularly in science education, began to decline drastically in 1968, partially due to more of the controllable portions of the Federal budget being diverted to military support of the war in Vietnam. Federal support for graduate fellowships in these areas declined sharply, and support for teacher training institutes and curriculum development dropped dramatically in the early 1970's and then virtually disappeared. Indeed, while Title III of NDEA remains on the books as legislation, the appropriation authority for it has since expired.

In October of 1980, the U.S. Department of Education and NSF jointly issued a study commissioned by the President entitled "Science and Engineering Education for the 1980's and Beyond," and concluded that:

> "Today the problems of science and engineering education are more subtle than they were two decades ago. Present concerns go beyond whether we now have enough engineers and scientists and are likely to have enough in the near-term future. These concerns include the ability of the scientific and engineering work force to perform effectively, the amount and quality of education in science, mathematics, and technology being provided to those who will never become scientists and engineers, and the ability of the many components of our educational system to maintain and improve the quality of scientific and technical educa-

> tion at *all* levels and for a broad spectrum of students in the face of economic pressures, obsolete and inadequate facilities, reduced enrollments in many fields, and severe faculty shortages in others."

The importance of the Federal role in supporting science and engineering education should not be underestimated for it sets an agenda linked to the nation's welfare and defense. Our science and engineering education system is the key component to our scientific and technological base, the quality of which has become of vital national significance. Given that fact, it has become essential to inquire, 20 years after the country's initial push toward excellence in this field, whether the nation's present science and engineering education—and consequent technological capability—will be adequate enough to meet the country's long-term needs. The indications both in New York State and nationally are that it is not.

During a conference held in New York State in November 1980 on teacher recruitment and career expectations in elementary and secondary schools, the Regents noted a severe shortage of math and science teachers in the State and across the nation which has existed for over 30 years. As we project into the next decade, the shortage promises to be even more severe unless remedial steps are taken immediately.

There is a growing shortage of math and science teachers particularly on the secondary level, the pivotal ground between introduction of basic mathematical and scientific concepts, and the planning and training for a career in those fields. The private sector has siphoned off many of those who prepared in college to be secondary and postsecondary instructors. People trained to teach high school physics for $12,000 a year are being offered positions as industrial researchers for $18,000–$20,000 a year with far better laboratory facilities. The same holds true for students in graduate engineering programs. A widening gap between academic and nonacademic salaries has caused problems in acquiring and retaining high quality faculty in engineering schools and in departments that train computer professionals.

The recent report by NSF and the U.S. Education Department has stated that, with the possible exception of computer sciences and engineering, the United States will have an adequate supply of scientists and technologists, but will *not* have the teaching staff to maintain that supply. What qualified instructors do exist must contend with equipment and curriculums that are woefully outdated, and have neither time nor incentive provided to keep up with current developments in the field. Recent NSF figures indicate that,

nationwide, 16 percent of all elementary school teachers were not sufficiently prepared to provide basic training in science and mathematics. From 1960 to 1976, graduate enrollment in the sciences declined from 37 percent to 23 percent of total enrollment. High schools and colleges have lowered their math and science course requirements dramatically. An increasing number of students stop taking any math and science courses by tenth grade. The resulting "scientific illiteracy" is highlighted even more so in comparison with other industrialized countries, particularly West Germany, Japan and Russia.

The NSF reports that Soviet education for its entire population is based upon 10 years of compulsory training in math and high technology fields, including five years of algebra, two years of calculus, five years of physics, four years of chemistry, etc. More than five million Soviet students have had calculus by the time they graduate from high school. By contrast, in the United States only 500,000 have had the subject by the first year of college. In Japan, 25 percent of secondary school class time is spent in science and math areas including physics, biology, chemistry, algebra, geometry, calculus and statistics. The country's students rank first in math in international evaluations, and graduates as many engineers as the United States—with half the population. A similar curricular pattern in West Germany produces a very high level of science and mathematics knowledge among college graduates as well as a strong comprehension in the subjects among the general population.

The evidence indicates that, in the United States, students planning careers in math and science do as well as they ever did. But the majority of high school and college graduates have an extremely rudimentary knowledge of science, math and technology, increasingly isolating scientists from the mainstream of society and proving themselves ill-prepared to function in a highly technological economy, causing a loss of productivity. There is a critical shortage of officers in the armed forces who can manage sophisticated military equipment. While the United States is still winning Nobel prizes for basic research, its capacity for industrial innovation is decreasing rapidly. The de-emphasis on science education threatens the country's technological competitiveness with other industrial nations, particularly in the areas of engineering and computer technology. The demand for civil, chemical, electrical and mechanical engineers continues to increase, with the U.S. Department of Labor estimating that 250,000 more will be needed in 1990 than are presently employed. That number will increase by at least 25,000 should a successful synthetic fuels program be developed. In order to main-

tain the mathematical level necessary for completion of engineering training at this time, however, a person must make a conscientious decision to take successive math courses from seventh grade on.

The importance of a solid education in sciences for people in non-science and nonengineering occupations should not be overlooked. People in all professions need the means to function in a society that is being increasingly transformed by science and technology. Public policymakers will continue to face issues such as toxic waste disposal, nuclear safety, nuclear proliferation and arms development, development of the space shuttle, alternative energy sources, and efficient use of finite sources of energy with increasing regularity. The present downward spiral in the quality of science and math education in this country means that important national decisions involving science and technology will be made increasingly on the basis of ignorance and misunderstanding.

The October 1980 NSF/U.S. Education Department study cited above calls for a series of grant programs, studies, surveys, and conferences to be implemented with cooperative support from the U.S. Education Department, NSF, Department of Energy, Department of Defense, and the National Aeronautics and Space Administration (NASA) to address the concerns expressed above. The Regents concur that some type of overseeing advisory council should be created involving all of the above agencies. The 1980 study has recommended the creation of a President's Council on Excellence in Science and Technology Education to coordinate the programs, particularly individual grants and fellowships maintained by the above-mentioned agencies and any other that affect math and science education, and disseminate information to local school districts, state education agencies, and colleges and universities.

We strongly advance the need for the passage of comprehensive legislation which would strengthen math and science instruction across elementary, secondary and postsecondary education. The National Defense Act of 1958 stands out as the most recent Federal commitment made in this area. We propose that legislation modeled after the NDEA be implemented, containing three major sections dealing with teacher preservice and in-service training, equipment and instructional materials, and loans and fellowships, to ensure quality education and foster greater career commitment to the areas of science and technology.

Recommendations:

To assure quality of education in math and in the sciences in New York State and across the country, new initiatives must be taken.

The Regents strongly urge the 97th Congress and the President to develop and pass Federal legislation based upon the following proposals, so that we may reverse the disturbing decline in science and technology in the United States.

1. Teacher Pre-service and In-service Training

In this instance, two problems must be addressed: how to make the school system more competitive with business and industry in attracting persons to teach initially, and how to keep teachers current with the latest scientific and technological developments. We recommend the implementation of a "summer institute" program, run by a consortium of the Federal agencies listed above, to improve teaching qualifications through exposure to new teaching methods, instructional material, developments and applications in the field, career opportunities for students, and ongoing research. Teachers participating would receive a weekly stipend and housing, if necessary. During the year, follow-up regional workshops would be held specifically tailored to the elementary, secondary, or post-secondary level. Loans and fellowships specifically directed to those intent upon a teaching career in the math and sciences (discussed below) must be reinstituted. School systems and colleges and universities should also be encouraged to recruit retirees from the ranks of business, industry and government who held positions involving them in technological and scientific areas.

2. Loans and Fellowships

For the benefit of both those interested in pursuing a teaching career in math/science and those who are presently instructors in those areas, a new fellowship and loan program should be instituted. Fellowships should be awarded in increasing dollar amounts progressing from the undergraduate to graduate to doctoral level for math and science students, including part-time study for those presently holding teaching positions. The amounts of the fellowships could be tied to specific areas, such as engineering and computer technology, where the greatest shortages exist. We also recommend reinstitution of a student loan program for those who enter the field of teaching math or science which would forgive 10 percent of a student's loan annually for every year of service in that capacity.

3. Equipment and Instructional Materials

While teachers in all subject areas suffer in some measure from the frustration of being unable to keep textbooks as current as they would like, the fields of math and science are particularly vulnerable to this rapid obsolescence in instructional material as discussed previously. Special compensation should be considered to assist school

districts in maintaining reasonably up-to-date texts and library resources, within limits. Support for laboratories and lab equipment should also be considered and utilization of external sources and "outside labs"—such as science museums and cooperative ventures with business and industry—should be encouraged when at all possible. Special tax incentives to businesses which work cooperatively with schools to provide such experiences (such as Explorer clubs) or are willing to contribute to replacement of equipment in schools should be seriously considered.

4. Science Clubs

The U.S. Education Department should be required to assist in the development of a strong network of student organizations for those students showing interest and promise in these fields by dusting off and strengthening P.L. 85–875, Clubs for Girls and Boys Interested in Science. While P.L. 85–875 has permanent legislative authority, it is little more than Congressional recognition of the existence of science clubs. We urge that consideration be given to further support this potential nationwide network of young people who will be our future engineers and teachers by providing a corporate charter similar to the Future Farmers of America and making appropriations to support their development.

XII. ADMISSIONS TESTING

All applicants to college have the right to expect that admission tests meet certain quality standards. Legislation designed to provide greater openness to the testing process has been enacted in New York State and proposed in Congress. The Regents support the concept that the testing process should be open for public review. However, the Regents do not support the contention that the full disclosure of all test questions is a necessary or useful part of this process.

The New York State legislation requiring full disclosure of all postsecondary school admission tests became effective January 1, 1980, and resulted in the initial withdrawal of 20 of the 26 admission tests which had been available in the State. The sponsors of these 20 tests contended that it would be economically impossible to disclose every test form. Sixteen of these tests were administered to fewer than 2,000 candidates in New York State during 1978–79 and seven were administered to 500 or less. The sponsors of some of the remaining tests reduced the number of administrations, eliminated some special services and increased fees.

In June 1980, amendments were enacted to reduce the negative impact of the law on students, colleges and test agencies. The amendments have solved some of the technical problems with the law and reduced the test disclosure provisions for tests administered to fewer than 2,000 candidates a year in the State.

Unfortunately, not all of the tests have been reinstated. In fact, two tests which were available earlier have not been scheduled for New York during 1981–82. In other instances, the number of administrations scheduled in New York is more restricted than in other states.

Legislation requiring the disclosure of standardized test questions may result in a negative impact on the individuals it was designed to help. The majority of postsecondary institutions in New York have stated that admission tests are used for placement and to help questionable applicants gain admission. The tests are most useful for the adult learner with an outdated academic record and the minority group member with academic preparation from an unknown or less prestigious institution.

Two basic types of legislation have been proposed. The first would obligate test sponsors to provide candidates with specified information about the test. The Regents do not believe legislation of this type is necessary because the test agencies already disclose this information. The second type of legislation would require disclosure of the actual test questions. The Regents believe this would eliminate many small test programs and necessitate reduced services or increased fees for the remaining test programs. These tests serve a valuable function and their availability should not be reduced. They make it possible for applicants to attend institutions where they might not otherwise gain entry. They are a legitimate part of the admission program at many institutions and contribute to a good match between applicants and schools.

Recommendation:

The Regents urge Congress to postpone discussion of test disclosure legislation at least until the full impact of the New York law and recently enacted California law can be determined.

XIII. ASSISTANCE FOR POSTSECONDARY STUDENTS

Overview

Student financial assistance programs are a major element in the funding of postsecondary education and, of course, in promoting student access and choice. In 1980–81, the major State and Federal student aid programs provided approximately $1.6 billion to New York State students.

The growth of the Federal programs in recent years, especially the Pell Grants and Guaranteed Student Loans, has been due mainly to the provisions of the Education Amendments of 1976, the Middle Income Student Assistance Act of 1978, and the Education Amendments of 1980. During 1981, however, Congress enacted the Postsecondary Student Assistance Amendments in response to President Reagan's requests for reductions in Federal spending. These amendments primarily limit eligibility for the Guaranteed Student Loan Program (through a financial needs test for those applicants whose adjusted gross family income exceeds $30,000, effective October 1, 1981) and for the Pell Grants (through a reduced award scale and an expected family contribution that does not allow for an adjustment for inflation on family living costs).

In considering possible changes in directions of Federal student aid programs, it is important to observe the inter-relationships of government programs (Federal and State) and institutional programs at the wide variety of public and non-public postsecondary institutions that exist in New York State. This is particularly difficult at this time since the effects of the reductions already enacted will not be known for perhaps a year or more while the Administration seeks additional reductions. Further it must be noted that a substantial portion of the recent increased costs of Federal student aid programs, i.e., interest subsidies for the Guaranteed Student Loan Program, flows from high interest rates. Should the fiscal plans of the Federal government be successful in bringing down inflation and interest rates, these costs will also decrease.

The Regents continue to endorse the coordination of government and institutional assistance programs, together with family and student contributions, to meet student needs. The Regents remain committed to the statement of long-range objectives for student financial aid developed with the support of New York's four postsecondary sectors and enunciated in the 1980 edition of "Federal Legislation and Education in New York State:"

> The Regents are concerned especially that Federal, state, and institutional assistance programs, together

with family contributions, fit into a set of clearly defined long-range objectives. Federal programs should be shaped by these guidelines. Federal grants to students in combination with direct payments by students and families should equal half the cost of postsecondary attendance. Other Federal assistance programs, such as loans and work study, together with state and institutional student aids and family or student loan obligations, should provide the remaining half of postsecondary student attendance costs.

These objectives were substantially achieved through enactment of the Education Amendments of 1980. They are reasserted now, however, because revisions being made in Federal student aid programs through the budget process are reversing the actions taken by Congress in 1980. Changes are being made apparently without regard to the purposes for which the programs were created or the principles that they represent. It is essential that these purposes and principles not be forgotten in attempts to reduce the cost of Federal student aid programs.

The Regents recommend that Congress seek to restore and fully fund the student financial aid programs authorized in Title IV of the Higher Education Act as amended by the Education Amendments of 1980. The Regents recognize, however, that some adjustments in programs and expenditures are necessary during the period of economic recovery. The benefits provided by those programs should be fully maintained, and costs should be reduced by increasing the efficiency of programs.

The Regents first priority is restoration and full funding of the student grant and loan programs authorized by the Education Amendments of 1980. Proposals for complementary assistance for postsecondary students, including tuition tax credits and tax deferments, take a lesser priority. They should be viewed as a supplement to, not a replacement of, presently authorized programs; they must **not** be funded by reducing the appropriations needed for full funding of existing Federal student aid programs.

The Regents offer the following alternatives for increased efficiency for discussion and study. We emphasize the need for a thorough impact review and analysis of these and any other alternatives by the Congress, the Administration, the National Commission on Student Financial Assistance, and other interested groups. Careful consideration and public debate must occur before major changes which affect millions of students are made. With this in mind, enactment of any legislation in Congress should take place through the normal authorizing committee process and not through the budgetary reconciliation process.

Alternative Considerations

The Administration has proposed further substantial reductions in student aid program expenditures, especially for Guaranteed Student Loans and Pell Grants. The reductions would be achieved through additional limitations in eligibility; much higher family contributions and curbs on allowable educational costs. Because such restrictions would severely affect access and diversity, the Regents propose consideration of alternative student aid policies.

1. Guaranteed Student Loan Program (GSLP)

A major element in the high cost of the GLS Program is the special allowance which is related to interest rates. The disparity between the interest rate on guaranteed loans and the Treasury Bill interest rate is the element that has driven up the cost of special allowances. The possibility that interest rates may decline should be considered in proposals for reducing subsidies.

For 1981–82, the appropriation for the Program is about $2.6 billion. It is estimated that a large part of the appropriation (in excess of 80 percent) is committed to the subsidization of existing loans. Further restrictions on new loans offer the prime means of reducing program expenditures and such restrictions can be established through such ways as a much more rigid financial needs test, higher interest rates and eliminating the subsidization of interest while the borrower is in school. The Regents urge Congress to consider other less radical alternatives, such as the following:

a. The heavy interest and the special allowance subsidies of the GSLP could possibly be reduced by significant amounts through incentives to borrowers in repayment status. For example, a category of borrowers with outstanding balances under a given level could receive a discount if the total balance was repaid. The cost of the discount could be offset by the savings in the elimination of remaining special allowance repayments. Similarly, a discount could be applied when a borrower exceeded his or her monthly repayment by a given amount. We recognize that such a system would entail changes in administrative procedures but it would at least merit a feasibility study in order to estimate possible savings.

b. Another possibility to reducing the subsidies for student loan programs, especially the GSLP, might be to change the limits on annual borrowing from the first two years of a four-year program to the last two years, while retaining the aggregate loan ceilings. This plan would require closer integration of the

loan program with other programs, such as Pell Grants, Supplemental Educational Opportunity Grants, and College Work-Study, so that students could rely more on grants during the first two years. If, through such programs, along with State awards and family contributions, demand for loans could be reduced during the first two years with an expansion of volume in the last two years, the subsidy costs could possibly be reduced. The plan might also have a positive effect on default rates, especially for those students leaving study during the first two years.

Two of the most significant cost factors to the Federal government for Guaranteed Student Loans are the special allowance paid to lenders over the life of a loan and the interest subsidy paid on behalf of the student during the in-school period. In the fall of 1981, the special allowance plus the in-school subsidy were at an annual average of 19 precent.

The concept being proposed here is that the cost of the special allowance and the in-school subsidy can be reduced somewhat if students could rely more on Federal grants rather than loans during their first years of study. The following table provides **an illustrative example** that assumes the special allowance and the in-school subsidy continue to average 19 percent per year:

Student A

	Guaranteed Loan	Federal Grants	Total
Freshman Year	$1,000	$1,000	$2,000
Sophomore Year	1,000	1,000	2,000
Junior Year	1,000	1,000	2,000
Senior Year	1,000	1,000	2,000
TOTAL	$4,000	$4,000	$8,000

Interest Subsidy and Special Allowance: $1,900

Student B

	Guaranteed Loan	Federal Grants	Total
Freshman Year	—0—	$2,000	$2,000
Sophomore Year	$1,000	1,000	2,000
Junior Year	1,000	1,000	2,000
Senior Year	2,000	—0—	2,000
TOTAL	$4,000	$4,000	$8,000

Special Allowance and Interest Subsidy: $1,330

By shifting from loan to grant in the freshman year, and from grant to loan in the senior year, the total amount of aid each year, and the totals of loans and grants, remains constant, but the cost to the Federal government of the special allowance and the in-school interest subsidy is reduced by $570 under this example. In addition, experience shows that there is a direct correlation between early loan burdens and defaults, so this kind of change would be likely to also reduce GSL defaults.

Obviously, this kind of change in loan amounts could be carried out only if there were greater coordination of student aid programs—which the Regents have called for over several years—and would have to be phased in. The concept could be implemented, however, by placing greater reliance on Pell Grants and Supplementary Educational Opportunity Grants for the early years of postsecondary study.

The Regents believe that such a means of achieving savings is preferable to some proposals that have been advanced, such as eliminating the in-school subsidy or excluding graduate students from the Guaranteed Student Loan Program, either of which would be highly disruptive to public and independent colleges and universities and the students who seek to attend them.

c. The effectiveness of the needs analysis system, in effect for the balance of 1981–82, should be assessed so as to permit appropriate adjustments. The criteria for determining need should not be more restrictive than those of the campus-based programs as many GSLP borrowers are not able to receive sufficient assistance from campus-based and institutional funds. However, the needs analysis system should be extended to all applicants and the criteria for determining financial emancipa-

tion (exclusion of parental income) should be reviewed to determine whether they are sufficiently rigorous, Provisions should not exclude adults who are truly indepenent, and the needs analysis system should be fair to adults who have family and other responsibilities, In addition, the validation of student eligibility should be expanded for it promotes program integrity as well as being cost-effective.

2. Pell Grants and Campus-based Programs

The position that the Regents have taken with respect to the Pell Grant Program is that it constitutes the primary need-based student assistance program through which the Federal government fulfills its responsibility to ensure access to postsecondary institutions. Consequently, from the standpoint of promoting the Regents goal of access to postsecondary education, the Pell Grants Program is the most important Federal student grant program and therefore should have high priority for funding.

Even before the restrictions in the Pell Grant program for 1981–82, students in the State were receiving grants. In 1979–80, when the maximum Pell award was $1,800, the average award was $1,119. In 1980–81, the maximum award was reduced to $1,750 with a corresponding reduction in the award scale, and the average award declined to $975. For 1981–82, the award scale is again changed as the maximum award is $1,670 and the expected family contribution is increased as the award formula does not permit an offset for the effect of inflation on family maintenance costs. As this Brochure goes to press, the latest Continuing Resolution for the 1982 Federal fiscal year provides for a maximum Pell Grant of $1,800 for 1982–83; however, the maximum could be reduced, either in a regular appropriation for 1982 or in another continuing resolution when the current one expires at the end of March. Further reductions in the program in 1982–83, combined with restrictions in other programs, such as GLSP, and increasing attendance costs, will inevitably affect access.

The needs analysis system used for the campus-based programs (SEOG, CWS and NDSL) differs from that used for Pell Grants and permits some flexibility, thus allowing institutions to "fine tune" aid packages for students for whom Pell Grants may not be adequate or available. Thus the campus-based programs support the Regents goal of diversity. A reduction in funding for these programs, accompanied by a much more stringent needs analysis, would limit access and diversity.

Because the Pell Grants and Campus-based programs are so vital to educational opportunity, the Regents recommend that the levels of support should not be reduced below the 1981–82 level and that

they should be restored, by 1983–84, to at least their position of 1980–81.

In addition to possible changes in funding levels for the campus-based programs, there is some consideration being given to merging the three programs (SEOG, CWS and NDSL) into consolidated grants for the institutions to administer through their own packaging arrangements. Presumably the consolidated grants would be related to other aid programs, including Pell and State grant programs, as is the case under the present allocation system for campus-based programs. The use of consolidated grants could certainly permit institutions a greater amount of flexibility in allocating student aid funds, but further study must be conducted before such a program is enacted. It is likely that certain kinds of limits would need to be established to provide for some kind of priority or equity in institutional use of funds. Otherwise, an institution with significant amounts of Pell, State and institutional grants might derive an advantage over other institutions if, for example, it chose to award most of its consolidated grant in the form of grants rather than loans or work-study. More important, however, would be whether the consolidated grants would result in a lesser amount of net student aid to the institution. The use of block grants for elementary and secondary education has been accompanied by reductions, thereby increasing the burden on the recipients.

Decisions in student aid funding levels and policies, for both the near future and the long term, must be made in the context of changes in enrollments and escalating attendance costs forecast for the 1980's. Fortunately, several review activities are underway. These efforts include those of the National Commission on Student Financial Assistance, a panel with membership appointed by the President and Congress, which is to undertake an intensive review of various student aid issues and to submit reports and recommendations to Congress. In New York, the Education Department, as a follow through of an extensive series of conferences on student aid, and the Higher Education Services Corporation have begun activities that include the collection and analysis of data on student aid programs and recipients. The analyses of the information should lead to a better understanding of present student financing patterns and alternative arrangements. These activities are important to promote the development of policies for the coordination of governmental (Federal and State) and institutional programs, and to address the needs of a changing student population which now includes more older, part-time students.

The review activities should lead to specific recommendations for the restructuring of student aid programs at governmental and institutional levels. During the interim, it is essential that severe changes in programs and expenditures be avoided so as to maintain current levels of access and to stabilize conditions for postsecondary institutions.

Tuition Tax Credit

For several years, there has been growing interest in providing tax relief in the form of tax credits for middle-income parents with children enrolled in postsecondary education. The Regents have made proposals for a postsecondary tuition tax credit in the past, and continue to advocate the desirability of that proposal. As noted above, however, the Regents first priority is restoration and full funding of the existing student aid programs authorized by the Education Amendments of 1980. The postsecondary tuition tax credit proposed is a second priority; it is intended as a supplement to, not a replacement for, existing programs, including grants, loans, and work-study. The Regents urge that any new tax credit legislation *not* be funded by reducing appropriations needed for full funding of existing student aid programs as authorized by the Education Amendments of 1980.

A tax credit would:

1. Assist middle-income families to finance the education of their children;
2. Aid postsecondary institutions in recruiting students from middle-income families; and
3. Promote economic stability.

These goals are interrelated. Most middle-income families hope to educate their children, but the costs are increasingly high at both public and independent institutions. The burden is greater than ever because rising educational costs are coinciding with a period of "sibling overlap" in which children tend to be closer in age and many families have more than one child in college at the same time. A tax credit would help alleviate this burden. For example, in 1978, the most recent year for which income data are available, the estimated median family income in New York State was about $18,000. An undergraduate who is living on campus at an independent four-year college in New York today has a cost of attendance of about $7,800, which includes a tuition charge of about $4,400 and nontuition costs of about $3,400. If this student were from a family of four with a gross income level of $18,000, the student would be eligible for a Tuition Assistance Program (TAP) grant from New York State

of about $1,480 against the $4,400 tuition charge. This would leave over $6,300 in unmet costs. Such a student might be eligible for a Pell grant award of about $1,000. Parents would need to provide over $5,300 to meet the remaining cost of attendance (over $3,000 for the balance of tuition plus $2,800 for the balance of nontuition costs). At the State University of New York, where the cost of attendance for an undergraduate living on campus is about $4,200, the student would get about $355 from TAP against a $1,075 tuition charge, leaving a tuition bill of $720. The student would also receive a Pell grant of almost $1,000 to meet the balance of tuition and other expenses of attendance. This would leave a remaining cost of about $2,845. Middle income families have difficulty affording the tuition at both public and independent institutions without further assistance.

To have any real impact, a higher education tuition tax credit would have to be close to $500. To target this credit on middle-income families, the amount of credit would be reduced by 5.6 percent of income in excess of $31,000 adjusted gross income. Thus, the credit would decrease to zero at an adjusted gross income of $40,000.

Recommendation:

The Regents recommend enactment of a tuition tax credit for postsecondary education with the following specifications:

A $500 maximum tuition tax credit should be structured in the following manner: 20 percent credit on the first $1,000 of tuition expenses and 100 percent of all tuition expenses over $1,000 up to an additional $300, for a total credit of $500. The $500 maximum should be reconsidered after three years to reflect inflation. The Regents urge that any new tax credit legislation enacted *not* be funded from existing Federal student aid programs. Tuition tax credits should be viewed as a supplement to, not a replacement of, other existing aid programs, including loans, grants, and work-study.

The percentages are calculated not only to aid middle-income families, but also to support families sending students to independent institutions. Nationwide, undergraduate tuition at public institutions is $587 for in-state residents; at independent institutions it is about $2,500. Under this tax credit plan a family with an income of $18,000 and one student at such a public institution, would get a $117 credit, while such a family with a student at an independent institution would get a $500 credit. In New York, where tuition at the State University of New York is $1,075, a full-time student from

such a family would receive $355 from the Tuition Assistance Program, and a Pell Grant of almost $1,000; the tax credit would provide an additional $150. At an independent institution in New York with a tuition of almost $4,500, such a full-time student would get a TAP award of $1,480 and a Pell Grant of almost $1,000. The tax credit would provide an additional $500.

The tax credit approach advanced here would not be limited to colleges and universities, but would also apply to business, trade, technical, and vocational institutions duly chartered or certified within their respective states. It would be applicable to both full-time and part-time attendance. Multiple credits would be allowed based on the number of persons in a family attending postsecondary institutions. Additionally, the tax credit would accrue to anyone paying for a dependent's education whether a relative or not. The tax credit could not be claimed by a self-supporting student and by that student's parents, however. If more than one taxpayer shared costs, each could claim a prorated amount of the tax credit.

XIV. EDUCATION INSTITUTIONS AND THE NATIONAL DEFENSE

Introduction

Educational institutions across the country, particularly colleges and universities, are faced with an ironic situation. They have to deal with overall declines in student population and Federal financial support during the next decade, just when they are best prepared to undertake the education and training of the country's youth and the retraining and skill upgrading of the adult population. Meanwhile, the U.S. armed forces are receiving increased appropriations for sophisticated military equipment while simultaneously facing a shortage of skilled manpower in critical areas.

A great potential exists for interaction in youth development between the defense and educational communities. The Administration is clearly concerned over the issue of manpower—both quantity and quality—in the armed forces during this decade. As the pool of eligible manpower continues to shrink, it is necessary to create programs which will integrate resources and services most beneficial to youth at a time of high unemployment, particularly among minorities, and increased expenses for higher education.

Historically a vital part of the nation's defense, education plays an essential role in today's armed forces as military management and

individual duties become increasingly complex. High quality educational opportunities not only ensure high quality troop performance, but become both a primary recruiting attraction and a means toward in-service and post-discharge career advancement.

The military services' need for qualified personnel, the desire of servicemen and women for educational access, and postsecondary institutions' interest in delivering programs of excellence form a natural base from which to explore cooperative educational ventures.

The Demographic Outlook and Military Requirements

The military, private sector, and postsecondary educational system will be competing among themselves to attract greater percentages of a rapidly declining pool of high school graduates, which in New York State, has gone from 233,637 in the year 1970 to a projected 100,000 by the year 2005. As the available pool continues to shrink and the military has a clear need to solve its manpower problems, the armed services and civilian colleges and universities stand to benefit from development of joint programs to serve the national interest.

The difficulty of adding people to the armed forces seems formidable. The pool of 17 to 21 year-old men (the basic reservoir for military personnel) has dropped from 10.8 million in 1978 to 10.5 million this year, and is expected to decline to 9.6 million by 1985. While the number of men of military age continues to fall steadily, the Administration's economic program is intended to increase employment, thereby creating greater competition among private industry, military services, and colleges and universities for the same high school graduates. Congress has ordered that a minimum of 65 percent of the Army's recruits be high school graduates and that the Army take no more than 25 percent of its recruits from the lowest mental category, in effect setting floors for the other services as well. In another precedent-setting move, the Army (which has the largest segment of military manpower) is implementing a recruiting quota ceiling of 65,000 women.

The Administration has announced that it will add as many as 250,000 people to the armed forces over the next five years, a 12 percent increase over current levels, to improve military preparedness and to operate and maintain weapons bought with larger procurement budgets. The cost for these additions is not clear. Adding 250,000 people at current costs would, by OMB estimates, come to about $3.75 billion annually; but this estimate does not take into account inflation, pay raises or new enlistment incentives, including education benefits.

Both the Army and Navy indicate that their most severe manpower problem is the *retention* of critical skill personnel, citing competition with civilian employers for trained personnel. Almost one-third of all military personnel do not return after the first tour of duty, a tremendous turnover rate of experienced people to be replaced. The Department of Defense is currently studying what methods would be most effective in producing a better retention rate, and will announce its recommendations shortly. Increases in salary, bonuses, and education benefits are known to be major considerations.

Expansion of the Reserve Officers Training Corp (ROTC), and Creation of a Reserve Enlisted Training Corps (RETC)

In the past, the military has been concerned with education and training mostly as a recruitment device, but recently pre-service and inservice education programs have been given more attention as the armed forces come to grips with manpower shortages in specific skill areas. Presently in place as a base of possible expansion is the ROTC program for officers, which could be used as a springboard for an RETC program for enlisted personnel. Contracts for such a program could be made with individual educational institutions for training and remedial services.

Reserve Officers' Training Corps (ROTC)

For many years ROTC has provided college-trained officers for the Army, Navy, Air Force, Marines, National Guard and the Reserves through programs at four-year independent and public colleges and universities. The tradition of military instruction on civilian college campuses began in 1819 with establishment of the American Literary, Scientific and Military Academy, which later became Norwich University. The Land Grant (Morrill) Act of 1862 reinforced the concept of military instruction in civilian colleges by stipulating that all colleges and universities established as a result of the Act offer courses in military tactics.

In 1916, the National Defense Act set the present form of ROTC programs. In 1964, Congress passed the ROTC Vitalization act (P.L. 88–647) formally establishing ROTC scholarship programs, an accelerated two-year program to enable entrants from junior and community college students to participate and financial assistance for such students, and creating junior ROTC programs at the high school level.

Officer production requirements for all of the military services are being met through a combination of officer precommissioning sources, including the ROTC. Where shortages are expected to occur, short lead-time programs (i.e., Officer Candidate School in the Army and Navy, and Officer Training School in the Air Force) are used to make adjustments.

Both ROTC and junior ROTC programs are beinning to enjoy a resurgence in popularity after a ten year drop-off in enrollments, undoubtedly due to several factors: the high unemployment rate, particularly among youth; the attractive financial benefits offered to students (in the ROTC program); the leadership training (similar to the old "Key Club" concept) and the prevalence of a more conservative attitude across the country.

ROTC programs help colleges and universities to the extent that they provide another source of student financial assistance. Two, three and four year ROTC scholarships are offered on a competitive basis. These scholarships provide for such expenses as college tuition and textbooks, as well as an allowance of $100 a month. The actual value of a scholarship ultimately depends upon the educational costs of attending a specific school. In return, scholarship recipients must serve four years in active duty and two years of reserve duty.

Junior ROTC provides institutional support for high schools with virtually free electives for students, and enables school boards to buy two instructors for the price of one (school districts only pay a part of an instructor's salary). The Marine Corps estimates that starting up a program costs them approximately $80,000 per unit. While there is no direct payment given to or an in-kind service required from the high school student, junior ROTC enrollees who elect to join ROTC in college can receive credit for their secondary school experience.

While each branch of the service has an authorized number of ROTC and junior ROTC units, current operating units are less than those actually authorized due to budget constraints. There is a waiting list in both areas of institutions awaiting approval to operate programs and all branches are actively seeking host institutions which are not adequately represented in present operations, particularly in inner city and rural areas.

Competition is keen to attract students contemplating enlistment who show evidence of academic skill and achievement beyond the minimum necessary for acceptance. While ROTC programs are attracting more students and supporting the most talented, leadership-oriented, and academically proficient to provide an adequate supply of officers, the supply of highly qualified enlisted personnel is de-

clining. Quite obviously, the qualifications and potential abilities in the pool of enlisted men are not what they should be for an effective military establishment.

The Army probably has the most extensively developed ROTC program. At a present cost of $200,000,000 annually, it produces about 70 percent of all Army Second Lieutenants, and has displayed the most initiative in terms of devising methods to increase participation in the ROTC program within Congressionally approved authorization restraints. Two examples of this initiative include the Simultaneous Membership and Expand the Base Programs, begun in 1979 and discussed below. (In addition to increasing by 1,000 the number of AROTC scholarships awarded in 1982 and 1983 for a total of 8500 annually.) Faced with demographic projections of declining college enrollments throughout the 1980's and early 1990's, a growing shortage of junior officers in the Army National Guard and U.S. Army Reserve, and increasing active Army requirements for officers, the Army decided that it must "expand the ROTC production base" to increase production and offset the potential effects of declining college enrollments.

The Simultaneous Membership Program (SMP), and Army initiative, is a sub-program within the Army ROTC. It is *not* statutory; rather it is an administrative creation of the Department of Defense, one of several alternatives available to ROTC enrollees. SMP allows students to become regular, salaried servicemen and women while attending college full-time. It is a two-year program which allows an ROTC participant to join the National Guard or Army Reserve at the time of ROTC enrollment as an officer trainee. The Guard or Reserve membership pays at the minimum level of Sergeant E-5; additionally, as a member of the college's ROTC program, the participant receives $100 a month. SMP can reduce by two years the time it normally takes to become a second lieutenant.

To be eligible, an applicant must be between the ages of 17 and 25, a high school senior planning on attending college or have at least two years of college remaining. The Army does limit available SMP slots.

SMP provides an interesting alternative to other programs. Embodying pre-active service rather than in-service training concepts, it still enables the student to become a member of the reserve service and, technically, a member of the armed forces while simultaneously receiving an education. This program could have a lot of potential through further expansion as a model vehicle for setting up cooperative military/education training programs outside its present officer training thrust.

While the number of junior ROTC host institutions is limited by the implementing statute, senior ROTC establishments are dictated by the authorizations and appropriations made by Congress. In recent years, money made available to establish such units has remained relatively stable, creating a waiting list of postsecondary institutions wishing to become ROTC program hosts. With an increase in defense spending and the proclivity toward greater support for the military in terms of both equipment and manpower, it seems reasonable to assume that support for increased ROTC activity could be expected. In this regard, the Army is presently working on a new enrollment data system for ROTC which will establish a backup support for an increase in authorized ROTC units (the format will include information on enrollments, cross-enrollments, the SMP and Expand the Base Programs, and institutions applying for units which have been either wait-listed or turned down), and the Secretary of the Navy is presently reviewing the unit authorization and evaluation process for Naval ROTC.

The Army is fond of stating that "ROTC is not the presence of the military in the university, but rather the presence of the university in the military." The education-defense link becomes mutually beneficial. A well-trained cadre of skilled enlisted technicians would be a valuable asset to the nation's defense and the nation's economy. A contractual link between the military, education institutions and industry — particularly defense related industry — could lend itself very well to an "RETC" type of proposal.

An "RETC" (Reserve Enlisted Training Corps) Proposal

All branches of the service seem to be facing a two-pronged manpower dilemma which they would like to see resolved as quickly and efficiently as possible. First, ensuring that enlisted personnel have the necessary English and mathematical background to successfully complete training in the use of sophisticated military equipment and weaponry; second, producing a po[illegible] of enlisted men and women who would enter active duty with more than just the minimal requirements necessary, perhaps with some background in engineering, communications, etc. A Reserve Enlisted Training Corps (RETC) program could be set up based upon the same framework as ROTC. Because ROTC bypasses the junior and community colleges — students at those institutions are allowed to cross-enroll at host ROTC colleges and universities — while junior ROTC introduces the *officer* training concept at the high school level, the junior and community colleges appear to be the ideal intermediary level to in-

troduce a program which would benefit youth by providing them with a solid academic foundation and enhancing their employability, and benefit the military by raising the performance level of enlisted men and women who make up the armed forces.

Schools would compete to sponsor such a program and contract with the DOD or specific branches, in much the same way as the ROTC program is now operated.

ROTC is beneficial to students, colleges, and the military; but it does not resolve the dilemma of an untrained, unskilled general "work force" for the military. An RETC program could be made attractive by salary incentives, further educational entitlements, industrial apprenticeships or an SMP component similar to ROTC. Such a program might also be considered as a component of ROTC. An RETC program would have to be established by Federal statute, unless established as a sub-program of ROTC or as a separately contracted program with two-year programs or schools offering relevant educational training.

Enactment of a New G.I Bill

The Federal government's role in providing financial assistance to veterans for their college education began in 1944 with enactment of the Servicemen's Readjustment Act (P.L. 78–346). With the approval of a staunchly pro-veteran Congress, the original G.I. Bill included a liberalized unemployment allowance; reemployment rights and job placement assistance; mustering-out pay and guaranteed loans for homes, farms and businesses; as well as broad educational benefits. Eligibility for education and training for 48 months was extended to every veteran under the age of 26 upon entry into the service, on the assumption that he had suffered delay or interruption of his education or training.

Eligible veterans were given a monthly allowance, and as much as $500 per year for fees, tuition and supplies was paid to any institution above high school for each veteran enrolled. In pursuit of an education, a G.I. could enroll in all public or private elementary, secondary and other schools furnishing education for adults, business schools, scientific and technical institutions, vocational schools, junior colleges, teachers' colleges, normal schools, regular colleges and universities, other educational institutions, and businesses or establishments providing apprentice or other on-the-job training. Since its inception, G.I. Bill benefits flowing into New York State have amounted to $2.5 billion.

In 1976, after several revisions, the original G.I. Bill concept was abandoned by Congress, which passed the Veterans Education Assistance Program (VEAP). Basically, VEAP is a contributory matching program in which a service member is required to put up one dollar to receive two dollars in educational aid. Both the G.I. Bill and VEAP were established to help veterans readjust to civilian life by preparing them to pursue a career and/or learn a useful, marketable skill. VEAP has not proven successful from a military standpoint. Loss of basic G.I. Bill benefits resulted in a recruitment drop of 57 percent. Until 1976, Army recruits scoring in the two highest mental categories had been about 30 percent. By 1979, those recruits in the first category had dropped by two-thirds, those in the second category by about half.

The requirement for a matching contribution by service personnel has reduced participation in the VEAP program. An immediate result of this drop has been an Administration proposal to cut $381 million in education benefits distributed by the Veterans Administration (VA) because 200,000 fewer persons are expected to participate. Most importantly, the emphasis on educational assistance as a readjustment device has shifted to its recruitment value, a concept embraced recently by all service branches during Congressional testimony.

The new focus on G.I. education benefits centers on their utility for recruiting purposes. The military is concerned that manpower requirements are not being sustained and would like to have additional inducements to increase the total number of recruits, promote a higher enlistment rate of recruits with high academic skills and knowledge, and assure greater retention of highly *trained* service personnel. In response, the basic Congressional intent in proposed legislation is to induce enlistment and retain "critical skills" personnel, e.g., those with technical/mechanical, computer and engineering skills. Most legislative proposals include a thrust toward institutions of higher education, and contain substantial financial aid provisions. While no two bills are wholly alike, there are common core elements:

—high school diploma requirement for enlistment
—pre-service educational assistance
—monthly subsistence allowance
—partial payment of tuition and fees
—transferability of benefits to dependents
—clear delineation of responsibility between the Veterans Administration and the Department of Defense
—reports to Congress at regular intervals on the effects of the legislation on recruitment and retention rates.

Taken together, these bills encompass nearly every concern which has been expressed by professional educators and military officials.

As Congress considers new benefits for servicemen and women, certain provisions should be included to attain the goals of recruiting and retraining trained, experienced technical personnel. The following guidelines are suggested to produce a package which would attain those goals:

1. National defense requires trained manpower, and the armed forces traditionally have been leaders in using advanced technology.
2. The civilian economy also benefits from trained, experienced technical personnel when they complete their tours of duty with the armed forces.
3. The military establishment needs to *recruit* personnel who can benefit from specialized training and *retain* trained, experienced personnel.
4. The system must assure a flow of competent volunteers and retention of a cadre of highly skilled personnel. In-service and post-service educational benefits are important.
5. Enlistment can be encouraged by attractive basic educational benefits; reenlistment can be encouraged by "bonus" educational benefits and opportunities to use those benefits while on active duty.
6. To be attractive, basic and bonus educational benefits should be noncontributory; and they should be "two tiered."
7. Among bonus benefits needed for personnel retention are higher benefit levels, transfer of benefits to dependents and leaves of absence from active duty for full-time study.
8. In view of the fact that the Vietnam-era G.I. Bill provided $342/month to a veteran with no dependents, for a total of $4,104 towards tuition, books, *and* living expenses, benefits under the present G.I. Bill are inadequate. The costs of living and obtaining an education have risen dramatically, and any legislation must recognize these factors if it is to produce the desired results.
9. The Regents believe that Federal grants to students, combined with family and student contributions, should equal one-half of attendance costs and other Federal assistance programs (including loans and work-study), together with state and institutional programs, should meet the remaining half of attendance costs. Funding for a new G.I. Bill should not come from existing Federal student aid programs.
10. A new G.I. Bill should have essentially these provisions:
    (a) Basic benefits—$435/month = $5,220/year;
    (b) Bonus benefits—one-half tuition, up to $3,000/year,
    —total maintenance of $450/month, or $5,400/year.

11. Basic benefits would become available after two years of active duty and provide six weeks of benefits for each month of active duty, for a minimum of $15,660. Bonus benefits would become available after six years of active duty, or four years of active duty plus four years of reserve service, and provide a maximum of $15,000 in tuition and $27,000 in maintenance.

Training Technology Transfer

A fundamental purpose of education is to provide a skilled and well-educated manpower pool. It is a national concern—increasingly critical in this period of declining population and fluctuating economy—and as such, it should be addressed through strong policy directive and effective initiatives by the Federal government. While education is a state responsibility and local function, there is an essential support role to be played by the Federal government in meeting the manpower needs of the nation's military and civilian sectors. The Federal government can, and should determine what integrated policies and programs can help to meet those needs.

Presently, there is strong competition between the military and private sectors for a declining pool of skilled manpower. As innovators in complex weaponry and systems, the armed forces are the most likely source of developing new high technologies which eventually benefit private businesses and industries. The military currently faces a drain on manpower in these vital areas as a result of recruitment by the civilian sector which has relatively low technology needs but high economic inducements.

In view of this competition for the same personnel, the Federal government should seriously consider the differences and similarities of needs and the sharing of training techniques and curricula by defense-related and private-sector industries. The use of postsecondary institutions as cooperative links also should be considered. Once the applicability of existing military and industrial training programs to technological and occupational transfer has been determined, the military and industrial sectors can initiate joint ventures and collaborative programs for educating and training employees, utilizing facilities and personnel, and conducting research and development.

There are general occupational needs common to both sectors which could benefit from these arrangements—most notably in the mathematics and sciences, e.g., engineering, computer programming and other high technologies—but there are many specific needs unique to each sector. (See listings on the following pages.) In such instances, the two sectors could share information about applicable and transferable training methods.

Also, in such instances, postsecondary institutions could meet the similar and divergent training needs of the armed services and private industries.

SKILLED SPECIALTIES NEEDED BY THE ARMED FORCES:

Administrative Science —
- Systems Inventory Management
- Material Logistics Support
- Acquisition and Contract Management
- Management Information Systems (MIS)
- Operations Analysis

Engineering —

Nuclear	Civil	Naval
Mechanical	Chemical	Weapons Systems
Electrical	Aeronautical	

Computer Sciences —

Programmers	Graphics
Computer Design	Intelligence
Software Development	

Air-Ocean Science

Antisubmarine Warfare

Command, Control and Communications

Electronic Warfare Systems Technology

National Security Affairs/Intelligence

Telecommunications

Pilots

Submarine Operations

Advanced Materials Research

Vertical Lift (Helicopter) Technology

Aerodynamics

Biotechnology

Navigation

SKILLED SPECIALTIES NEEDED BY BUSINESS AND INDUSTRY:

Engineering —
- Mechanical
- Electrical
- Chemical
- Civil
- Aero-astronautic

Computer Sciences —
- Programmers
- Equipment Repair
- Data Processing Personnel
- Systems Analysis

Geologists

Chemists

Physicists

Machinists

Mathematicians/Statisticians

Medical/Health Technicians

Secretaries

The concept of transfer of training technology between the military and education sectors is not a new one. During WWII, such training techniques as the overhead projector, simulation exercises, and foreign language lab training programs were perfected by the military and adopted by education institutions some years later. Present-day technological developments such as microcomputers and interactive video discs have also found their way from defense and industry to education programs and curricula.

In this country, the military is the acknowledged front runner in the development of sophisticated methodology and high technology, which at the same time puts them in the forefront as the creator of new occupational specialties. As technology trickles down through to the civilian sector, the military lose their skilled personnel, who are DOD-trained, to business and industry. It may be possible to project manpower needs in both sectors through examination of technology developments in defense and its creation of skilled occupational specialties which are assimilated by the civilian sector.

The training technology transferral concept extended to include formal liaisons between DOD and education institutions could result in mutual benefits to both. An investigation of what presently exists, as well as the potential for and implications of what cooperative arrangements could be made, for sharing training technologies and projecting manpower needs could serve the manpower and economic needs of our nation.

Research and Development

Participants in a recent conference convened by the National Academy of Science concluded that because of the important relationship among research, technology and increased productivity, "the expressed goals of this Administration for a strong economy and improved national security demand more, rather than less, investment in basic research." While academic R&D funding (funneled through the National Institutes of Health and Mental Health, National Science Foundation, Fund for the Improvement of Postsecondary Education, and National Institute of Education) has suffered from the 1981 budget reductions, there has been a steady growth in the funding for defense related R&D. Over the past three years funds for defense R&D have increased 14 percent every year. While the total amount of defense research support going to colleges and universities has grown at a constant rate of 9.5 percent annually, the actual percentage of funding for R&D at postsecondary institutions has declined slightly every year, from 2.9 percent of the total in 1979 to 2.7 percent in 1981.

Essential research must be maintained through adequate funding, and in this endeavor American postsecondary institutions can make positive contributions to national defense. While the research and manpower needs of the armed services and the civilian sector sometimes differ, both sectors must have available a pool of highly skilled personnel. In its role as the front runner in high technology, the military can ensure continued growth in scientific and technological development by assuring support for maintaining and strengthening research and teaching institutions.

Recommendations

The Regents strongly encourage further exploration and development of cooperative education, training, and research and development ventures between education institutions and the military, consistent with missions of the educational institutions. Programs

developed between the education and military sectors should *supplement*, and not *supplant*, existing Federal education program funding.

1. Skilled manpower shortages exist in key areas needed by the military in both high technology and basic skill areas. The Regents encourage more extensive contact between individual education institutions and the military services to develop cooperative training programs.

2. The appropriations and the number of approved units for the Reserve Officers Training Corps (ROTC) program should be increased by Congress in view of growing waiting lists of institutions applying for a campus-based ROTC program and to encourage a more equitable nation-wide distribution of such programs.

3. The Department of Defense together with appropriate representatives of educational institutions should develop the design for establishing a "Reserve Enlisted Training Corps (RETC)." This new program could address two objectives for the DOD: to ensure that enlisted personnel have the necessary skills in communication, computation and technical subjects as a basis to complete training in the use of sophisticated military equipment and weaponry; and to use the education and training resources of educational institutions rather than requiring the DOD to create its own training facilities.

4. The Regents support the enactment of a new G.I. Bill, including improved educational benefits as a military recruitment and retention incentive and as an important provision to prepare persons for new careers upon leaving the military. The new bill should be based on the recommended guidelines and principles discussed on pages 123 to 126.

5. The Regents urge the DOD, together with appropriate institution representatives, to review ways in which both civilian and military manpower needs can be better met through more integrated training systems. Instructional techniques and curricula developed by the military and by secondary, postsecondary and vocational education institutions should be transfered between the military and civilian sectors. This review should assess the differences in the occupational specifications and the training requirements between the sectors with the intention of making them more consistent.

APPENDIX A

CHRONOLOGY OF SIGNIFICANT DATES IN THE HISTORY OF FEDERAL INVOLVEMENT IN EDUCATION

1777 Initiation of direct Federal administration of educational programs, with instruction of military personnel, including schooling in mathematics; adoption of a plan to establish a military academy.

1785 Passage of Land Ordinance (commencement of aid to territories and later to states for education by endowment of schools with public lands).

1787 Passage of Northwest Ordinance ("the charter of public education"); commencement of endowment of public institutions of higher education with public lands.

1802 Passage of the Ohio Enabling Act (set a precedent to give a section of each township "to the inhabitants" "for the schools thereof," and to give five percent of the proceeds of public land sales for public improvement, including schools); establishment of the United States Military Academy, the first Federal institution of higher education.

1818–1850 Based on the 1802 Ohio act, expansion of the "land grant" concept through development of similar plans in Illinois, Michigan, Oregon and California as they entered the Union.

1862 Passage of the first Morrill Act (initiation of the Federal policy of aid to states for agricultural and industrial education, as well as instruction in military tactics, through land grants for colleges).

1867 Establishment of a Federal Department of Education.

1876 Establishment of the principle that schools should be free from sectarian control.

1890 Passage of the second Morrill Act (introduction of a policy of Federal money grants for college instruction in specified subjects; beginning of administration of Federal aid programs by the U.S. Office of Education).

1911 Marine School Act (initiated Federal aid with state matching requirement).

1914 Passage of the Smith-Lever Act (began cooperative extension work in agriculture and home economics—first direct aid to adult education).

1916 Passage of the National Defense Act, which authorized the establishment of the Army ROTC program at colleges and universities.

1917 Passage of the Smith-Hughes Act (beginning of Federal aid for vocational education below college level).

1918 Passage of the Smith-Sears Act (provided for vocational rehabilitation aid for WWI veterans).

1920 Passage of the Smith-Bankhead Act (initiation of the policy of Federal-state cooperation in vocational rehabilitation, including education, for persons disabled in industry).

1937 Passage of the National Cancer Institute Act, establishing the Public Health Service fellowship program and setting the precedent for legislatively authorized fellowships in other agencies.

1940 Appropriation of Federal funds for summer training programs for workers essential to defense.

1941 Passage of the Lanham Act (provided assistance to public schools in the areas affected by Federal war activities).

1943 (Approximate) Establishment of Army specialized training programs at colleges and universities.

1944 Passage of the Servicemen's Readjustment Act (G.I. Bill of Rights, provided assistance for veterans' education).

1950 Passage of Public Laws 815 and 874 providing Federal support for schools in certain federally affected localities.

1953 Creation of the Department of Health, Education and Welfare.

1956 Passage of Public Law 84–597, the Library Services Act.

1958 Passage of Public Law 85–865, the National Defense Education Act (NDEA), provided assistance to state and local school systems for strengthening instruction in science, math, modern foreign languages and other critical subjects; improvement of state statistical services; guidance, counseling and testing services and training institutes; higher education student loans and fellowships; foreign language institutes and advanced foreign language study and training provided by col-

leges and universities; experimentation and dissemination of information on more effective utilization of media for educational purposes; and vocational education for technical occupations necessary to the national defense.

1962 Passage of the Manpower Development and Training Act providing training in new and improved skills for the unemployed and under-employed.

1963 Passage of Public Law 88–204, the Higher Education Facilities Act of 1963, authorizing grants and loans for classrooms, libraries and laboratories in public community colleges and technical institutes as well as undergraduate and graduate facilities in other institutions of higher education.

1964 Passage of Public Law 88–647, the ROTC Vitalization Act, formally establishing ROTC scholarship programs and Junior ROTC programs at the high school level to fight juvenile delinquency and interest young men in military careers.

1965 Passage of Public Law 89–10, the Elementary and Secondary Education Act of 1965, providing funds for local school districts to broaden and strengthen elementary and secondary school programs (principally to aid children from lower-income families).

Passage of Public Law 89–329, the Higher Education Act of 1965, providing grants for university community service programs, college library assistance, library training and research, strengthening developing institutions; teacher training programs; and undergraduate instructional equipment; authorized insured student loans, established a National Teacher Corps, and provided for graduate teacher training fellowships. The Act combined an expansion of the Higher Education Facilities Act of 1963 with components based upon the National Defense Education Act of 1958 (student loans, teacher training, strengthening developing institutions).

Passage of Public Law 89–750, the Adult Education Act, authorizing grants to states for the encouragement and expansion of educational programs for adults, including training of teachers of adults and demonstrations in adult education.

1972 Establishment of the Basic Educational Opportunity Grant (BEOG) program as part of the Education Amendments of 1972 (P.L. 92–318), to assist in making postsecondary education accessible to all qualified students.

1973 Passage of Public Law 93–203, the Comprehensive Employment and Training Act of 1973, providing opportunities for employment and training to unemployed and underemployed persons (expansion and consolidation of the Manpower Development and Training Act of 1962, Title I of the Economic Opportunity Act of 1964, and the Emergency Employment Act of 1971).

1975 Passage of Public Law 94–142, Education of the Handicapped Act, provided for a "free appropriate education" for handicapped children.

1976 Passage of the Veterans Educational Assistance Program (VEAP).

1977 Passage of Public Law 95–93, the Youth Employment and Demonstration Projects Act of 1977, established a youth employment training program that includes, among other activities, promoting education to work transition, literacy training and bilingual training, attainment of certificates of high school equivalency, job sampling including vocational exploration in the public and private sector, and institutional and on-the-job training including development of basic and job skills.

1978 Passage of Public Law 95–566, the Middle Income Student Assistance Act, modifying the provisions for student financial assistance programs to allow middle income as well as low income students attending postsecondary institutions to qualify for Federal education assistance.

1979 Passage of Public Law 96–88, the Department of Education Organization Act, established a U.S. Education Department separate from Health, Education and Welfare.

1981 Passage of the Omnibus Reconciliation Act (P.L. 97–35), reducing funding levels for education programs and creating the Education Consolidation and Improvement Act (ECIA) which consolidated some 30 elementary and secondary education programs into a single block.